



## Enhancing National Climate Adaptation Policies and Financing through the Broadened Water Energy and Food Nexus Workshop

*SADC Climate Finance study*

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## 1. Background

- Output 3: Strengthening capacities of SADC MSs to access climate finance
  - Climate finance study
  - Supporting SADC member states to access climate finance
- The aim of the studies was to understand the climate finance landscape in the SADC region.
- Conducted in 2021
- Data collection: Desktop research, survey and workshop



## 2. Overview of the SADC Climate Finance Landscape

### (1) Public C-Finance

- All SADC MSs accessed GCF funding mainly through multi-lateral institutions
- Largest recipients of public c-finance in the region are RSA, Namibia, Zambia, Mozambique and TZ.
- Biggest recipients of GCF C-finance are RSA, TZ, Mozambique, Malawi, Zambia and DRC.

### (2) Bilateral C-Finance

- In 2018 Bilateral C-Finance share in the SADC region was 58%-MDB, BL -33%, C-funds-9%

### (3) Private C-Finance

- RSA and Seychelles have good experience.
- PPP:
  - Conservation & Climate Adaptation Trust
  - Greater Cape Town water fund

### (4) Domestic C-Finance

- Government coordinated funding;
- RSA (the Green Fund), Namibia (Environment Investment Fund), Zimbabwe (Climate Finance Facility)

### (5) Regional Facility

- AfDB-ACCF, AWF, DBSA-C-F Facility, NEPAD CC Fund

### 3. Readiness of SADC Member States to access C-finance

<p>1. Enabling Environment and Institutional Capacity</p>	<ul style="list-style-type: none"> <li>• Category 1: Namibia, RSA, Seychelles, Zambia: Countries with robust policy, institutional and financial capacity that accessed C-finance with limited external multi/bi-lateral support</li> <li>• Category 2: Botswana, Mauritius, Madagascar, Mozambique, Tanzania and Zimbabwe: Countries with adequate policy, institutional and financial capacity that accessed some level of C-finance with greater external multi/bi-lateral support</li> <li>• Category 3: Angola, Eswatini Comoros, DRC, Malawi, Lesotho: Countries with very basic policy, institutional and financial capacity and are greatly dependent on external support</li> </ul>
<p>2. Resource Mobilization Plan</p>	<ul style="list-style-type: none"> <li>• Investment prioritization</li> <li>• All SADC MSs submitted their NDCs (enhanced) by December 2021</li> </ul>
<p>3. Pipeline Development</p>	<ul style="list-style-type: none"> <li>• Priority sectors identified in NDCs and CC policy frameworks</li> <li>• DRC has pipeline of projects</li> <li>• Most of MSs are in the process of developing pipelines.</li> </ul>
<p>4. Access to and management of C-Finance</p>	<ul style="list-style-type: none"> <li>• RSA, Namibia, Zambia, Tanzania, and Zimbabwe have DAEs.</li> </ul>
<p>4. Readiness grants</p>	<ul style="list-style-type: none"> <li>• All SADC MSs have accessed GCF Readiness funds. 8 MSs (Malawi, Mauritius, Mozambique, Namibia, SA, TZ, Zambia and Zimbabwe) have accessed AF Readiness.</li> </ul>

## 4. Leveraging SADC for Strategic Direction

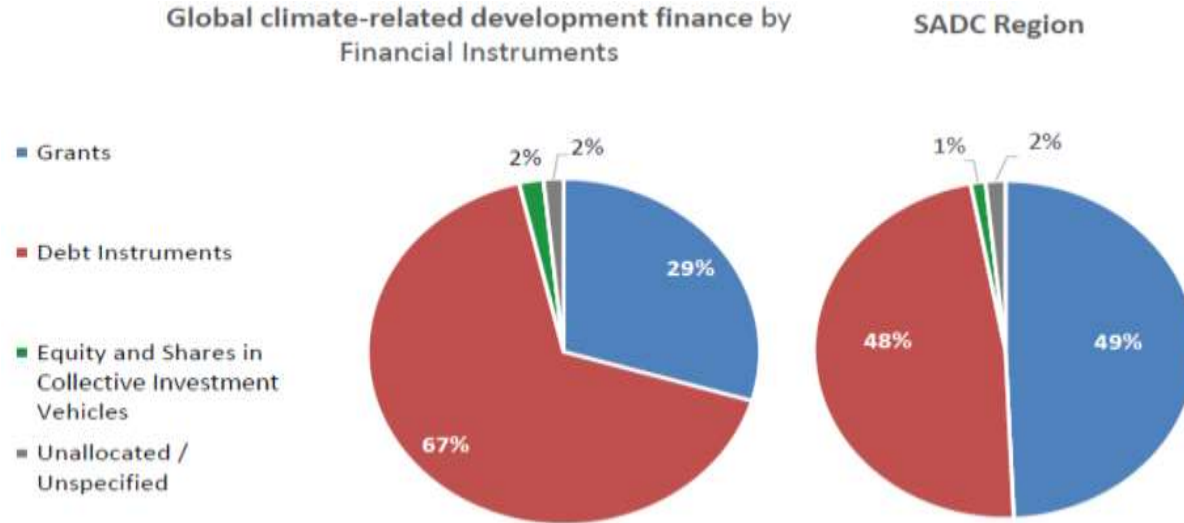
SADC offers potential funders certainty about **strategic direction for adaptation** and mitigation-related infrastructure development opportunities.

Vehicles such as **SADC RDF** and strategies like **RSAP 5** are already facilitating this process.

Understanding the **needs of new funders, investor appetites, and financing modalities** is crucial for informing resource mobilization plans.

This knowledge is essential for attracting market-level debt in SADC and ensuring sustainable infrastructure development.

# 5. Financial Instruments



- Access to climate finance: investor interest, institutional arrangements and the market capacity of recipient nations.
- The DRC, SA, Mauritius, and Namibia have demonstrated the ability to attract concessional debt.
- The DRC's achievement highlights the importance of governance reforms aimed at fostering economic development, which in turn enhances the country's attractiveness to climate finance mechanisms.
- Strengthening governance and institutional frameworks can significantly enhance a nation's eligibility for various funding mechanisms, even in the absence of robust climate change management capacities.

## 6. Challenges



The **cumbersome accreditation process and associated resources** required by various funders proves challenging for many MS with limited institutional capacity and are obliged to comply to different criteria requirements of each funding facility despite different levels of accreditation.

Limited technical and financial resources to develop viable **project pipelines and concept notes** are affecting climate finance access.

A common challenge identified by MSs is the limited **articulation and technical considerations of projects** that match funding criteria, which is an important step towards demonstrating technical and financial viability for investment.

The capacity to consider the needs of each targeted funder's own **investment criteria and approach to bankability and financial feasibility** for evaluating concepts needs is often cumbersome for countries with sparse technical resources.

**GCF  
Readiness**



## 7. Capacity Building

GCF Country Programming:	Encourage countries to develop country programmes and pipelines aligned with overall climate priorities.
Linking Priorities to Proposal Development:	Understand water sector priorities and funder requirements to ensure bankability of projects.
Targeted Technical Support:	Address capacity challenges for climate resilient water projects and enhance proposal development.
Focus on Value-Adding Elements:	Promote gender equality, youth empowerment, and local actions for climate resilience in project implementation.
Resource Mobilization:	Increase awareness of funding mechanisms, improve country capabilities for co-financing water investments, and mobilize private sector resources for implementation.
Improved Coordination:	Enhance institutional capacity, planning, and governance for the SADC MS to manage funding resources, leveraging SADC's regional coordination role.
Network Strengthening:	Facilitate knowledge and information exchange among SADC MS countries to enhance climate action and water sector programming.
Monitoring, Tracking, and Evaluation Systems:	Establish a mechanism for regional consistency in data management and reporting of climate finance flows.
Technical Capacity for Proposal Development:	Build expertise for NDC implementation and proposal development, aligning with sectoral needs and external climate fund flows



## 8. Recommendations

The growing up-take of new instruments such as **green bonds and ESG** reporting is also worth monitoring in future research focusing on private and innovative finance sources of climate finance.

ODI indicates that in 2020, adaptation outweighed mitigation finance approved for SADC, however, many projects tracked on other databases do not granularly specify sector breakdowns.

Develop a clear climate finance monitoring framework across all sectors, for both public and private funds.

A key issue for the SADC is to **accurately track trends/data as the monitoring of sector-directed** finance is challenging due to varying terminology relating to mitigation and adaptation efforts, poor coordination and varied reporting by both donor and recipient countries.

## Recommendations continues

Improved capabilities to prepare climate resilience projects, supported by a sound evidence base, is needed to scale project ideas for climate resilience.

Support the accreditation of Direct Access Entities across SADC

Support technical capacity, pipeline development.

There is also substantial room for improving the coordination of regional climate finance information and transparency of the volumes of support being directed into specific domains of the water sector.

Attention should be directed at a coordinating role of more granular data and analysis that will assist in targeting local community actions for climate resilience, gender equality and youth empowerment.

## Recommendations continues

- i. **Country level national policy framework and alignment to global climate commitments-** clear climate change objectives, commitments and targets, illustrated through their SDG commitments and NDCs is one of the key requirements to meet global climate financing criteria. Alignment of policy frameworks to global commitments such as international environmental and social safeguards (including gender considerations).
- ii. **Institutional Capacity at both public and private sector level** is a key factor for climate finance readiness, not only at policy level but also technical capacity to package climate informed programmes and initiatives to meet funding criteria. This technical capability is indicative of country level readiness to compete for external climate funds but also the ability to manage funding for climate impact.
- iii. **Access to reliable climate change data** to support proposal development and inform the climate change rationale for finance is an important underlying requirement for global climate funds such as GEF, GCF and the Adaptation Fund.

# Group Work



## Group discussion:

1. What challenges are the SADC Member States facing in mobilizing climate finance and how can these challenges be addressed?
2. What support do Member States need to develop project pipelines for the Water-Energy-Food (WEF) nexus?
3. What type of capacity-building support do Member States need to enhance their national climate adaptation policies and financing through a broadened WEF nexus approach? What are the knowledge-sharing gaps regarding the WEF nexus?





Thank You!



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