



**Mauritius**

**STATE OF CLIMATE FINANCE IMPLEMENTATION AT THE  
COUNTRY LEVEL**

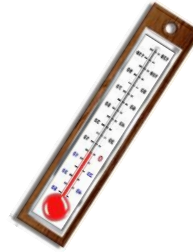
***04 March 2020***

# OUTLINE OF PRESENTATION

- Priority needs of the country relating to climate finance;
  - Challenges and opportunities in accessing climate finance;
  - Country experiences in strengthening national institutions to mobilize and access climate finance.
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# Climate Projections for Mauritius and Vulnerability (IPCC Special Report (2018))

- Air temperature **1.2 to 1.5 °C** ↑



- Change in precipitation pattern ↓



- Utilisable water by **13%** by 2050 ↓



- Agricultural production may decline by up to **30%** by 2050 ↓



- Beaches may slowly disappear (**USD 50M** loss in value added by 2050) ↓



- Sea level to rise up to **1 m** by **2100** + risks of surges ↑



- **Frequent epidemics of diseases** ↑

# National Policy orientation: towards carbon neutrality in 2050 to keep temperature rise below 1.5 °C

- NDC review 2020
- Government Programme 2020 – 2024 and Master Plan (2020-2030)
- ✓ Climate resilient, greening, low carbon
- SDG 13 targets by 2030
- Obligations under UNFCCC and Instruments and other climate related MEAs
- Commitments under Africa Agenda 2063

# Activities recommended in the Nationally Determined Contribution (NDC) for the period 2016 – 2030 are:

## Adaptation

- Enhancing protection of critical public infrastructure and ecosystem (USD 2 032.9 M);
- Enhancing protection of coastal zone(USD 116.5M);
- Enhancing water security (USD 1366.8M);
- Strengthening food security (USD 234.8M);
- Improving resilience to climate change impacts in the health sector (USD 15M);
- Improving protection and resilience in biodiversity sector(USD 71.7M);and
- Improving resilience of Rodrigues to climate change (USD 600M).

## Adaptation Sectors (USD 4 billion):

- **Infrastructure**
- **Disaster risk reduction strategy**
- **Water**
- **Agriculture**
- **Tourism**
- **Fisheries**
- **Coastal Zone**
- **Biodiversity**
- **Health**

## Mitigation

### Mitigation Sectors (USD 1.5 billion):

- Energy,
- Transport,
- Industry,
- Agriculture,
- Waste, and
- Land Use and Forestry.

- **smart use of marine resources;**
- **expansion** in solar, wind and biomass energy production and other **renewable energy** sources;
- **sustainable consumption and production** in all sectors of the economy;
- gradual shift towards the **use of cleaner energy technologies;**
- **efficient use of energy** through the deployment of appropriate technologies in all sectors of the economy and awareness raising on energy conservation;
- **sustainable transportation**, including promotion of energy efficient mass transportation systems ;
- **climate smart agriculture** including bio-farming;
- **sustainable and integrated waste management**, including waste to energy;
- **sustained tree planting programme within the context of the cleaner, greener and safer initiative;** and
- **leapfrog to low global warming potential refrigerants.**



**LIST OF DONORS FUNDED CLIMATE  
PROJECTS CURRENTLY UNDER  
IMPLEMENTATION AND IN THE PIPELINE**

# Funding mechanism and other institutions

## ➤ Multilateral:

- a) **Global Environment Facility**
- b) **Green Climate Fund**
- c) **Adaptation Fund**
- d) **Climate Technology Centre and Network (CTCN)**
  
- e) **Clean Development Mechanism??**
- f) **Special Climate Change Fund**
- g) **Nationally Appropriate Mitigation Actions (NAMA) Facility**
- h) **International Climate Initiative**
- i) **Climate Investment Fund**

## ➤ Regional Entities

## ➤ Bilateral Partners (Japan, India, EU and France)



# TRACKING PUBLIC SECTOR ENVIRONMENT EXPENDITURE (TPSEE) 2017-2018

- Total Climate Expenditure, representing 6.99% of Total Government Expenditure is (Rs 10.28 billion) and 2.15% of GDP.
- The breakdown of adaptation and mitigation expenditures is as follows:
  - Adaptation: Rs 7.9 billion (77%)
  - Mitigation: Rs 2.3 billion (23%)
- 15 % GDP is required to address climate change issues in SIDS due to vulnerabilities – UN SIDS in numbers, 2017

# CHALLENGES

- **Major gap in financial resources needed to meet national and international commitments**  
There is a crucial need to explore other potential sources of funding to implement the NDC
- **Provision of Funding for adaptation and mitigation inadequately distributed though adaptation is a priority**
- **No dedicated climate change unit at organisation level and limited staff**
- **Inadequate capacity to formulate project proposals - GCF funding (USD 300 000/year) not optimised**
- **Inadequate follow up/communication with line ministries on sources of funding**
- **Lengthy bureaucratic procedures to tap funds (GCF) as several rounds of consultations required and additional review to contextualise proposals. Long preparation phase until project materialise**

## OTHER CHALLENGES

## OPPORTUNITIES

. As the GNI per capita increases, it becomes more difficult for a country to mobilise grants from international organisations.

specificities and vulnerabilities of SIDS in coping with climate change should be highlighted when seeking finance from international funding agencies.

Some donors provide grant resources for the soft part (technical assistance) of a project only, and these are tied up with loans for the implementation part. Such blending mechanisms limit the capacity of the country to adapt to climate change especially when the country has constraints to adhere to debt ceilings

New innovative financing mechanisms.  
(i) bilateral cooperation with partners such as Italy, Germany and the UK;  
(ii) Other funding windows  
special Climate Change Fund  
Nationally Appropriate Mitigation Actions (NAMA) Facility  
International Climate Initiative  
Climate Investment Fund  
(iii) Private sector.  
(iv) Engage support internationally WHO, IRENA, CTCN for blended funding and faster access

Each multilateral agency has its own specificities and administrative requirements which could delay implementation on the ground, where urgent actions are required in order to limit the consequences of

Country Allocations by Multilateral agencies facilitate country programming. E.g GEF STAR country allocation

# **STRENGTHENING NATIONAL INSTITUTIONS TO MOBILIZE AND ACCESS CLIMATE FINANCE (1)**

- ❑ **Ministry of Finance as National Implementing Entity to GCF that could access GCF funding directly. Country programme under prep.**
- **Project Cooperation Agreement signed in November 2019 with Green Climate Fund and Implementation of Activities expected for the 1st Semester of 2020**
- ❑ **Ministry of Environment identified as National Implementing Entity (NIE) to Adaptation Fund**
- **Process to act as NIE is under way for official nomination by AF board by November 2020**
- ❑ **Promulgation of a Climate Change Act, 2020 (High level Inter-Ministerial Council, Climate Change Department, National Adaptation and Mitigation Strategy with investment plan) positioned Mauritius to tap more funds**

# STRENGTHENING NATIONAL INSTITUTIONS TO MOBILIZE CLIMATE FINANCE (2)

- ❑ The transformation of the National Environment Fund (NEF) in 2018 under the EPA and its operationalization under the Ministry of Finance has motivated international donors to mobilise resources:-
  - ✓ Thro' a NEF roundtable (2019) as platform for donors, UNDP, bilateral partners and the private sector **64 new project ideas were formulated.**
  - ✓ Ideas clustered with donors who crafted same into new initiatives to be financed under existing envelope (AFD)/ explore with relevant trust funds to support the project concepts (World bank)
  - ✓ Donors have shown more interest and exploring additional finance to supplement Government funding in terms of:
    - (a) cash grants; or
    - (b) financial instruments such as loans, credit lines at concessional rates, trust funds, “green” or “blue” bonds, concessional debt and equity; or
    - (c) public-private partnerships

# Strengthening Institutions to mobilise and access Climate Finance (3)

- ❑ **Multilateral Environmental Agreements Coordination Committee (MEACC)** under the EPA acts as a good platform to harmonise, catalyse, bundle, replicate, upscale or increase the number of bankable projects for donors to consider
- ✓ MEACC sub-committee on climate change has enhanced efforts to access funds available under treaty-specific funding mechanisms, as well as explore capacity building needs. **opportunities for funding through (COMESA- USD 40 000 infrastructure),(SADC – NVAC 45 000) and the Indian Ocean Commission (IOC)**
  
- ❑ The NDC Resource Mobilisation Committee (RMC) chaired by the M/Finance was approved by Cabinet in 2016 to explore funding opportunities from donors for NDC implementation.
- ❑ To enhance the strategic cooperation between Mauritius and the European Union (EU), Cabinet has also approved in 2018 a **Joint Monitoring Framework Agreement (JMF)**
- ✓ The JMF Agreement provides a structured platform through which Mauritius can discuss with EU partners on potential support revolving around six thematic areas.
  
- ❑ To enhance bilateral funding, the National Environment Commission held in 2018, urged the **Ministry of Foreign Affairs to make full use of our diplomatic channels so as to maximise the opportunities of funding for our projects.**

# SUNREF- Sustainable Use of Natural Resources and Energy Finance

- SUNREF is the “green finance” label of the AFD (Agence Francaise de Development).
- **Objective:** Promote, in developing countries, private sector investments in favour of energy management and sustainable management of natural resources, through loans granted to partner banks.

## **SUNREF in Mauritius**

- SUNREF mobilises AFD’s banking partners: MCB and SBM, as well as private sector operators, in an inclusive manner, in order to foster green and inclusive growth, whilst enhancing the resilience of the country to the adverse impacts of climate change.

**The first two credit facilities focused only on climate change mitigation, as follows:**

#### **SUNREF I : 2008 - 2013**

- A €40 M facility allocated to 4 banks
- An investment grant representing 12% of the borrowed amount
- A scheme that supported the role of private sector in the first national green growth strategy « Mauritius, sustainable island »
- Number of projects financed : 102

#### **SUNREF II: 2014 - 2017**

- A €60 M facility allocated to two banks: SBM and MCB
- An investment grant amounting to 8% of the borrowed amount
- A technical assistance programme financed through a € 1,7 grant from the EU
- A support to the National Energy Efficiency Programme (PNEE) for the development of EE projects.
- Number of projects financed : 156

The **SUNREF III** (2018-2022), consists of a financial package of €75million and is sustained by the contribution of the European Union (€7million). The SUNREF line of credit pursue the efforts to **promote mitigation of climate change** (renewable energy, energy efficiency, reduction in greenhouse gas emissions), as well as **facilitate the transition of Mauritius towards a more resilient and inclusive economy**. This line of credit, made available to Mauritian partner banks, is accompanied by technical assistance, the management of which has been entrusted to Business Mauritius.





**THANK YOU FOR YOUR KIND  
ATTENTION**