Technical Workshop on Needs based finance in Southern Africa (SADC)
4-5 November 2019
Johannesburg, South Africa

BACKGROUND

The Technical Workshop on Needs Based Finance in the Southern Africa (SADC) was organized under the auspices of the Needs-based Climate Finance (NBF) Project of the UNFCCC secretariat in collaboration with the Southern African Development Community (SADC) secretariat from the 4th -5th of November 2019 in Johannesburg, South Africa. The objective of the workshop was to initiate the development of a *SADC Climate Finance Mobilization and Access Strategy* ("the strategy").

The NBF Project is in response to the decision of the Conference of the Parties at its twenty-third session (COP 23) which requested the UNFCCC secretariat to assist developing country Parties in assessing their needs and priorities and in translating the climate finance needs into action (6/CP.23, para 10). Furthermore, the Conference of Parties meeting as the Parties to the Kyoto Protocol requested the UNFCCC secretariat to support the financing of climate projects (3/CMP.1, 6/CMP.11 and 12/CMA.1). These mandates, in addition to the Paris Agreement, formed the basis for assisting developing countries in assessing their needs relating to the implementation of the Nationally Determined Contributions, National Adaptation Plans, and climate strategies as well as assisting in the mobilization of support to address these needs.

The Technical Workshop was attended by 42 experts from ministries of finance and environment from 15 of the 16 SADC Member States, as well as climate finance experts from bilateral, multilateral, UN agencies and international organizations. The list of participants can be found in **Annex II**.

The objective of the Technical Workshop was to begin designing the technical work under the project, in particular, the development of a climate finance strategy for the region, to be undertaken over the next six to eight months. The development of the strategy is guided by the outcomes of this workshop, as well as further information gathering and research to be undertaken by expert consultants.

The workshop provided an opportunity to take stock of the state of climate finance in the SADC region and allowed an exchange of knowledge and information among SADC Member States and regional experts, to assist in developing the strategy to finance the priority climate needs of the region.

The two-day workshop comprised of presentations communicating an overview of climate finance flows, needs, experiences and technical expertise as relevant to the SADC region. Day 1 saw an analysis of climate finance flows and needs of the region, as well as technical input from climate finance providers, followed by presentations from country representatives on their experiences with accessing climate finance. Day 2 of the workshop started with the introduction of climate finance instruments available to the region, followed by breakout sessions where country representatives provided inputs to the possible elements of the strategy. The final two sessions of the workshop summarized elements of the draft strategy identified by the countries and discussed next steps of the NBF Project for the region, before the workshop was concluded by the SADC Chair.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
TOWARDS A COMMON FUTURE

United Nations
Framework Convention on
Climate Change

WORKSHOP PROCEEDINGS

OPENING SESSION & WELCOME REMARKS

Ms. Pemy Gasela, Dept of Environment Affairs, South Africa welcomed participants to the workshop and thanked the UNFCCC secretariat and South African Development Community (SADC) Secretariat for organizing the workshop. In her opening remarks, she gave a brief overview of the NBF project, and the relevance of the project to the region. She further mentioned that the workshop was an opportunity to take stock of climate finance flows in the region and the development of a pipeline of investment needs and an avenue to discuss a roadmap to mobilization of climate finance for the needs. She concluded her remarks by wishing all participants a fruitful engagement in the two days to follow.

Ms. Cecilia Njenga, from UNEP Southern Africa Office then took the floor to deliver her opening remarks where she emphasized the climate emergency in the region and highlighted some of the challenges faced by countries due to climate change and related effects. To the challenges, she said that there was an urgent need as a region to tackle the emergency. Ms. Njenga encouraged environment and finance ministries to work together and to jointly confront climate crisis and lead and coordinate climate finance strategies regionally. She further shared examples on how the UN system is supporting countries in the drive to increase investment in climate resilience and mitigation, such as the UNFCCC NBF project, which is supporting regions and countries across the globe to determine their climate finance needs. She also briefed participants on the UNEP finance initiative which supports the private sector and financial institutions to understand and mitigate climate risks and seize the commercial opportunities in line with objectives of the Paris Agreement. UNEP, through its climate finance related projects with governments, focuses on supporting developing countries' access to climate finance directly or indirectly through accredited entities of the Global Environment Facility (GEF), the Green Climate Fund (GCF), the Adaptation Fund (AF) and through bilateral and multilateral public sources. Moving forward, Ms. Njenga reiterated that stakeholders need to work together and that given the challenges to produce revenue from investment for climate and resilience, a mechanism for de-risking in the region is becoming important for which she gave the example of the African Risk Capacity (ARC), a specialized agency of the African Union established to help African governments improve their capacities to better plan, prepare, and respond to extreme weather events and natural disasters. She wished the participants success in the workshop and in guiding the development of the strategy including a pipeline of priorities for the SADC region.

INTRODUCTION, OVERVIEW AND EXPECTATIONS

Mr. Grant A. Kirkman, UNFCCC secretariat, gave an overview of the secretariat's NBF project highlighting the overall objectives of the project, the role of the UNFCCC in the whole process and how the UNFCCC secretariat is mandated by decision 6 of the twenty-third session of Conference of Parties (COP 23) to explore ways and means to assist developing countries in assessing their finance and investment needs and priorities in a country driven manner and translating them into action. He then shed light on the objectives and timelines on the proposed SADC NBF project stating that the project provides for development of a broad regional strategy based on countries' needs.
Elaboratively, he described the project mentioning that it is about assessing the climate finance flows in the region, mapping the sources, identification of the priorities for the region and finally matching the priorities with sources of finance. He mentioned that the project will be run in three phases with the workshop being part of the first phase – the inception phase – which aims at starting the process of developing the strategy. The second phase – the drafting of the strategy – culminates into a validation workshop to consolidate the views of the countries on the strategy. The strategy, once

agreed on, should be endorsed at a high political level within the SADC Process. The final phase will be the facilitation of the mobilization of climate finance and the actual implementation of the strategy that the countries need to take ownership of.
He also gave a snapshot on the progress made to date and examples of countries and regions that have been part of the project. For the regional blocks, he mentioned that at least two countries took a leadership role in the different regions which are already in advanced stages and had strategies in place.
He then shortly introduced the strategy of Melanesia that has already been endorsed at the high-ministerial level and presented at the 50th Subsidiary Board (SB) meeting in Bonn and also at the UN Secretary General's summit. At the summit, according to Mr. Kirkman the strategy was presented to financial institutions and donors for support and a lot of partners are now engaged in the implementation of the strategy. He gave an overview of the strategy and its contents including objectives and timelines.

After the presentation, the floor was opened for questions. Mr. Geoffrey Sabiiti, from the IGAD Climate Predication and Applications Center (ICPAC), inquired about the timeframe of the project and how to get involved in the project. Mr. Grant Kirkman responded that the project has a regional approach and that the workshop was for the facilitation of regional access and mobilization strategy for the 16 SADC countries and currently in the process of commissioning the same for the East African region that will be convened with the East African Community (EAC) early in 2020.
Another question was on what was envisaged as the timeframe for implementation and review of such strategies. To this, Mr. Kirkman mentioned that the timings would depend on what the regional countries agree to, and that bearing in mind that the process had just started, a conclusion of the strategy within 6 months could be envisioned~~,~~.

Mr. Shepherd Muchuru, from SADC Secretariat, then presented outcomes of the SADC Climate Change Workshop held the previous week and highlighted the successes, needs, and challenges faced by SADC Member States with regards to climate change and climate action. Some of the points raised included:

- Insufficient funding for the implementation of NDCs;
- Inadequate capacity for resource mobilization and implementation;
- Challenge in the access and uptake of climate finance e.g. GCF;
- Need for scaling up resource mobilization for climate change mitigation and adaptation.

He further presented the SADC Climate Change Strategy and Action Plan (SADC CCSAP), giving some background and explaining how it fitted with the workshop. He reiterated on the impact of climate change in the region and how the regional countries have had climate related disasters such as floods and cyclones which initiated regional activities for the SADC member states. Mr. Muchuru expounded on this with one of the initiatives, the development and endorsement of the SADC protocol for environment management and sustainable development, which was to date ratified by 3 of the 16 member states. He added that among the objectives of the protocol was to promote effective management and response to impacts of climate change in the region.

After Mr. Muchuru's presentation, the platform was given for questions. One of the questions raised regarded the funding for the development of the *SADC Climate Finance Mobilization and Access Strategy*. To this, Mr. Kirkman responded that funding is provided through the supplementary budget of the UNFCCC secretariat.

Mr. Kirkman then inquired on the integration of the NBF to the regional SADC CCSAP. To this, Mr. Muchuru responded that SADC CCSAP provides for resource mobilization for climate change programmes. He further suggested that there was need for capacity building to develop bankable proposals for funding and a need to get to a point where a stable inflow of resources for priority projects of the region are secured.

Ms. Daisy Mukarate from UNDP Africa mentioned that many strategies have been developed for the region, pointing out the importance of a clear plan on how the strategy will be implemented and resources will be mobilized.

Ms. Sibongile Mavimbela from SADC secretariat also recommended that in the development of the strategy, the SADC guidelines and procedures, as pertaining to translation in official SADC languages, should be taken into consideration, to cater for all member states.

SESSION 1: OVERVIEW OF CLIMATE FINANCE FLOWS TO SOUTHERN AFRICA

Ms. Leonie Routil, UNFCCC secretariat, delivered a presentation on climate finance flows in the SADC region. Due to limited data availability on some sources of climate finance, such as international private climate finance, and domestically sourced public and private climate finance, the presentation focused primarily on international public climate finance, based on OECD DAC data, as well as some analysis on private finance flows into renewable energy projects, based on Bloomberg New Energy Finance data. According to the OECD data the total of international public climate finance flows into the region between 2013-2017 was 13.4 billion USD with an average inflow of 2.7 billion USD per year. The main providers of climate finance to the region are bilateral, responsible for 58% of international public climate finance flows, compared to 33% provided by multilateral development banks and 9% by climate funds. This distribution is not homogenous across countries, with countries receiving less total climate finance typically relying more heavily on one provider type. In terms of financial instruments used, the region has received its climate finance through an equal share of grants and debt instruments, with bilateral providers mainly giving out grants and MDBs mainly using (concessional and non-concessional) debt. The climate finance reported by the OECD benefits adaptation and mitigation projects equally, with main receiving sectors being energy, agriculture, and water and sanitation. Private finance towards renewable energy in the SADC region averaged at 2.7 billion per year, with high yearly fluctuations as well as country differences.

After the presentation, the floor was opened for remarks and questions. Ms. Pemy Gasela, Department of Environment Affairs, South Africa noted that the funding from climate funds was low compared to finance received from other provider types. It was commented that climate funds function as a catalyzer for private finance, which would explain the low share.

Joachim Schnurr, from GFA Envest inquired whether climate finance going towards technical assistance was partly directed at the development of pipelines of fundable projects, which he identified as an important capacity building need in the region.

To the first set of questions Mr. Kirkman noted that, globally when compared to MDBs, climate funds provide a relatively small share of climate finance, which however tends to be relatively impactful as climate funds are aiming at enabling paradigm shift, addressing gaps in high-risk areas. He went on to say that this observation, could provide an opportunity for further analysis and inclusion in the strategy, should the countries wish to facilitate improvement in this regard.

SESSION 2: OVERVIEW OF CLIMATE FINANCE NEEDS FOR SOUTHERN AFRICA

Mr. Kamleshan Pillay from SouthSouthNorth presented an overview of climate finance needs for southern Africa which was based on submitted Nationally Determined contributions (NDC). He said that the nature of the NDCs make it difficult for the country estimates to be comparable given some NDCs are costed at sector level while others publish numbers at high level, splitting only between mitigation and adaptation. From the selected NDCs with disclosed financial needs, the total estimated cost for both adaptation and mitigation is 197.755- 202.755 billion USD by 2030 with a lot of similarity on priority sectors reported in the different NDCs, particularly energy and energy efficiency. He further mentioned that according to IRENA 2017, renewable energy investment needs for the unconditional and conditional NDC implementation still show a significant public and private financing gap in Africa. Mr. Pillay ended his presentation with the take-home-message that a significant financing gap still exists between flows and needs for both mitigation and adaptation.

SESSION 3: OVERVIEW OF SOURCES OF CLIMATE FINANCE

This session aimed at presenting the different sources of climate finance, bilateral, multilateral and regional, adaptation and mitigation both public and private. The session further outlined a general comparative analysis of requirements, guidelines and conditions for accessing international, national public climate finance.

Mr. Damien Navizet, (head climate change) from AFD set the ball rolling for the session with a presentation on the different climate finance sources through the AFD. He mentioned an increase in commitments by the AFD with currently 17 countries supported. He then went on to highlight that it is difficult for a national bank to access funding from GCF due to the high expectations for management of the funds. He recommended that both accredited and non-accredited entities need to work together, and that climate finance should not come from the Northern countries only. He went further to explain that for any project, credit worthiness is key for funding from any financial institution. In the presentation, he also made an introduction to the Adapt'Action Facility of AFD the objective of which is to operationalize the Paris Agreement, and which acts as a driving force in speeding up climate investments with a focus on adaptation. He mentioned the facility has been financed by the AFD with about 1.5 million for every country where the program is deployed. Mr. Navizet also introduced the Transforming Financial Systems for Climate (TFSC) programme which aims to create a market for investments in climate technologies by removing the financial and technical barriers that local financial partners face.

After his presentation, an inquiry was raised on whether AFD also supports disaster related issues and another on the AFD criteria for considering countries for support and funding. Mr. Damien Navizet responded saying that as part of the French diplomacy and government, there are countries with strong partnerships with France, however there was no reason why AFD can't work with other countries in the region. On the criteria, Mr. Navizet further expounded that it is not about the country but rather the type of project and if the projects are of interest to AFD group in terms of adaptation and mitigation. With regard to disaster loss and damage, he responded that since the question is related to disaster risk reduction and building of local capacities to cope with climate calamities and disasters, the AFD is not equipped since it is not a humanitarian organization but works in advance of disasters which in that aspect leads to preparation of the country.

Joachim Schnurr from the GFA also put forth 4 inquiries, first was if commercial banks can access funds under the TFSC Programme or if it is limited to DFIs, secondly if DBSA is managing the fund, the third inquiry was if there is a grant component included for example to support the development of programmes, lastly he inquired on whether technical assistance is included in the funding structure. To these, Mr. Navizet responded that up to 17 countries are involved in the program with an equal split between commercial banks and national development banks. As part of the procedure for recruiting the banks and as a requirement by the GCF, approval letters were obtained from the respective NDAs of the countries approving the programme with the names of commercial and national banks included. He continued that investment will be made through the DBSA which will access the fund directly or use their own resource and only get technical assistance under the programme. He concluded saying that concessional loans make up a bulk of the programme, with guarantees and a grant component for technical assistance for identification and appraising of climate projects.

Ms. Vibhuti Jain, USAID (Power Africa) took the floor and provided an overview of the Power Africa initiative and its objectives, types of funding and technical assistance, and other types of capacity building. She said that there is a funding gap for energy in Sub-Saharan Africa which formed the genesis of the Power Africa programme with two broad goals on energy access and energy generation and infrastructure. From her presentation, Power Africa has leveraged 650 million USD of US government support and about 56 billion USD in commitments from partners. In addition to providing funding, she mentioned that the programme also provides technical assistance, legal services and transaction advisers that can directly support the private sector or governments. She echoed the need for coordination and partnership between DFIs, donors and development partners. For the southern Africa region, she gave an example of a special purpose vehicle – the Southern Africa Energy Program (SAEP) – which is an advisory and technical assistance programme.

After the presentation, the floor was opened for questions. One of the questions raised was on what the ratio of funding is between funds to investments and funds to technical advice, and if Power Africa support is only towards mitigation related projects or adaptation as well. Ms. Jain responded that most of the funding goes to technical assistance and mostly to the public sector which has the greatest need. She further expounded that of the 56 billion USD leveraged in commitments, the majority was for direct project investment. She continued that the approach of the Power Africa programme to mitigation and adaptation is through the lens of development outcome, and that despite Power Africa primarily being an energy programme, there is also a separate pool of funds for disaster relief and humanitarian assistance.

Yet another question was raised on whether technical support and advisory services is by request or embedded in the activities when engaging with the countries. To this, Ms. Jain responded that support is mostly on a demand driven basis and embedded advisory support and capacity building is provided when a request is received from a host country government.

Next, Ms. Musole Musumali, from AfDB delivered a presentation on climate and climate finance initiatives by the AfDB. She mentioned that AfDB approaches climate change in a mainstreaming perspective across all sectors since all projects have the possibility of generating mitigation and adaptation co-benefits. She hinted on the Bank's commitment to support climate action, mobilizing climate finance and initiatives to support NDC implementation. She added that the bank aims to increase Africa's access to global climate finance from 4% (as identified by the CPI analysis 2015 study) to 10% by 2020, and that the bank is committed to achieving 40% climate finance by 2020 with a 50/50 split between adaptation and mitigation. On the support to NDC implementation, the bank looks to assisting countries by catalyzing and financing NDC implementation. Of the initiatives that support NDC implementation is the Africa Climate Change Fund (ACCF) which aims to support the transition to climate resilient and low carbon development. She urged countries on the need to start thinking about the type of projects they submit to financiers and institutions, like the AfDB, GCF etc., as there are stringent requirements by the financiers. She gave an overview of all other climate funds and funding under the bank and provided brief breakdowns of their respective objectives and focus areas.

The floor was opened for questions, and a question was raised on the 50/50 parity between adaptation and mitigation, and on how the bank manages the fact that some countries consider adaptation more than mitigation say 60-40 for adaptation and mitigation respectively. To this question, Ms. Musumali responded that the bank's financing is for both adaption and mitigation and recognize the fact that adaptation is priority for some counties and that historically more financing usually goes to mitigation which is more expensive.

SESSION 4&5: COUNTRY EXPERIENCES IN CLIMATE FINANCE (NEEDS & PRIORITIES)

This session aimed at unpacking the priorities and climate financing needs of countries. It provided an opportunity to country experts to express and showcase their priorities, plans and strategies at the national level, and indicate how and what is required to be mobilized and accessed from where by when. Below are the key points shared by countries.

Botswana officially established a National Designated Authority (NDA) to the GCF in 2018 and has started undergoing capacity building. The country has access to climate financing through bilateral provisions for example the Ministry for Environment, Land and Sea Protection of Italy has pledged some grants to finance early warning systems which includes: strengthening hydro stations and meteorological stations; and building resilience in agricultural systems.

The strategies, priorities and needs of the country include:

- The expression of interest by the country to have a national implementing entity to access Adaptation Fund.
- In 2017 the country developed a Strategic Framework for Climate Finance Project Portfolio through UNDP. 5 priority programmatic areas were identified, with the energy sector as the main, followed by AFOLU, Ecosystem-Based Adaptation, Rehabilitation and Restoration of Degraded Rangelands.
- The country needs capacity building and technical support for the National Designated Authority (NDA) and the different ministries engaged in and want to mainstream climate change into their plans.
- Simplification of funding requirements/templates for more access to finance, including an enabling environment with supporting policies is also another need by the country.
- Setting up of a resource mobilization unit as well as a resource mobilization and implementation plan to leverage funding.
- The country also looks to improve coordination of climate finance and development of a monitoring framework and finance reporting framework which require capacity and preparatory finance for creating an enabling environment.
- Development of an implementation and monitoring plan on current climate actions.
- There was a suggestion from the country that there is a need to enhance mobilization of finance in the region for a regional approach such as the SASCA of 5 Countries. Such an initiative could help in raising climate finance access.

Comoros, just like many other countries, would require a lot more climate finance than it is currently receiving. This is intensified by the limited knowledge of the different funding sources. To address some of the technical assistance needs, the country is part of an ongoing GCF readiness programme.

Some of the needs and priorities of the country include:

- A need for capacity building for forecasting climate change data especially for adaptation.
- Research and monitoring of climate change, to better understand variability and uncertainty related to climate change.
- Institutional capacity building with emphasis on attracting finance and structuring climate finance.

- Strengthening of local national capacities in terms of research on climate change to increase resilience specifically of local livelihoods. In addition, there is need to also strengthen the capacity of policy makers on integrated resource management and climate risks.
- Prepare and involve all actors to more efficiently and better react to climate change across all sectors from energy to waste.
- Support for negotiation processes and technology transfer across all sectors.
- Involvement of the private sector and a regional exchange of information and joint development of tools and risks with other SADC member states.

Eswatini has the ministry of Tourism and Environmental Affairs as the coordinating institution for climate change issues and currently the NDA to the GCF. The country receives most of its climate finance through bilateral sources i.e. the EU, Italian government and USAID through Power Africa. It has also received climate readiness funding from AfDB which has enabled the country to make a lot of strides in terms of building stakeholders' capacity and awareness on climate finance.

The needs, priorities, and strategies include:

- Design of more programmatic sectoral approaches that can catalyze large sums of funding from both public and private sectors.
- Coordination at a national level to ensure that whatever project developed also takes into account a nexus approach and ensures that more funds are being leveraged.
- Alignment of climate mitigation and adaptation plans to national and international development plans.
- Building institutional and technical capacity in terms of developing and implementing good quality mitigation and adaptation projects.
- Engagement with the private sector to understand the type of private sector that can offer climate finance within the country.
- Capacity building for all stakeholders including the private sector and especially national banks in terms of how to develop innovative financing instruments.
- Climate public expenditure and institutional review for the country to come up with a national fiscal framework.
- Strengthening of research within the country, which is also relevant to the region to have a robust scientific evidence to draw from when developing climate finance projects.
- Establishment of a resource mobilization unit which could be coordinated between the ministry of environment, ministry of economic planning and development and ministry of finance to ensure that there is a coherence in terms of the country's approach to delivering climate finance.

Lesotho recently launched a GCF readiness programme to strengthen the nation's capacity by setting up a NDA. Financial flows are mainly from multilateral funds with a few bilateral funds like from the European Union. The country also recently developed their national climate change policy. Currently developing their MRV Framework that will also be tracking the financial flows.

Some of the key priorities and needs of the country include:

- The main actions identified by the national climate change policy is to establish a climate change fund and encourage the establishment of other financing institutions, including microfinancing institutions.
- Enhancement and building capacity of different players to mobilize funding and also be able to develop bankable projects that attract various funds both regional and international.

- Development of an enabling framework to support climate finance that also supports de-risking of private finance including the legal and regulatory arrangements that would enable the mobilization of resources.
- Robust stakeholder engagement.
- Strong public-private participation or partnership that should play a role in climate finance and support climate change activities.

Madagascar with currently no national financial institution accredited under the GCF, is part of the Regional Indian Ocean Commission (IOC) Readiness programme of the GCF. In 2011, a national policy was put in place to combat climate change which gives a general orientation on how to tackle climate change. There has been some capacity building through training of trainers on climate finance through different national projects, programmes and initiatives. The country also received support towards the implementation of its NDC through the Adapt'Action Facility of AFD with a budget target of 30 million Euro over 4 years. For the country, consolidation of national strategies with regional priorities and strategies would enhance access to finance.

The needs and priorities of Madagascar include:

- Putting in place financing instruments at national level.
- Setting up a national monitoring system that allows for organizing and tracking of national and international fund utilization.
- Putting in place financing instruments at a national level.
- Capacity building at a national level to support stakeholders in the development of bankable projects and mobilization of finance.
- Facilitation of the accreditation of a national financing institution to access the funds under the GCF.
- Facilitation of procedures of accreditation, including translation of relevant documentation to French.

Malawi measures less than 1% GDP equivalent (12.5 million USD) domestic public expenditure allocated to the environment and climate change management. Most funding for climate activities comes through multilateral funds, like the GCF, GEF, AF and the others (climate investor one). As the country is losing a substantial amount in terms of GDP to climate disasters e.g. floods and cyclones, the country is currently in the process of applying for accreditation to the GCF for which it has had no success yet. Malawi is currently developing a National Climate Change Fund.
In addition to the clearly defined priorities as in the country's NDC and National Climate Change Investment Plan, some of the priorities and needs include:

- Accreditation of national entities to climate funds to ease process of accessing finance. Currently only one entity out of four made considerable progress through the process with accreditation with the GCF.
- According to the country, development of a regional position will enhance implementation of climate actions.
- Developing finance management information system to track climate finance coming into the country through various programmers and projects.
- Building of institutional and technical capacity to develop bankable projects.
- Sectors prioritized for financing include: Agriculture, Energy, Water, Waste, Transport, Construction, and Fisheries.

Mozambique has an established NDA under the ministry of Economy and Finance. Despite the lack of a climate finance mobilization strategy, the country established a multisectoral committee on climate change to analyze different proposals. The country has also received a readiness programme under the GCF to strengthen the NDA with the implementing partner being the National Sustainable Development fund.

Some of the priorities and needs of Mozambique include:

- Building and strengthening the capacity of the NDA and the multi sectoral committee on climate change to develop concept notes for climate financing.
- Seeking funding for the post cyclone Idai programme.

Namibia is one of the countries that has an established fund – the Environmental Investment Fund of Namibia – which is accredited by the GCF. In addition, the country has two other entities in the process of accreditation by the GCF, the Development Bank of Namibia and the Agricultural Bank of Namibia for bigger projects. The country also concluded the costing of its NDC in 2015 to a tune of about 33 billion USD with the government unconditionally contributing about 10%. In addition to the above, the Desert Research Foundation of Namibia (DRFN) is accredited by the Adaptation Fund. Just like other countries in the region, the country has an established the NDA under the ministry of Environment and Tourism. The country has received funding through international channels like Deutsch Bank, AFD, DBSA KFW, GEF, AF, etc.

Needs and priorities of the country are:

- About 33 billion USD to fully implement their NDC.
- Development of a climate finance tracking system and MRV for NDC.
- Capacity building for project development.

Seychelles: Since the country moved from middle-income to a high-income status in 2015, there has been a reduction in aid from bilateral partners except for exceptional circumstances with a few partners such as Abu Dhabi and China. This caused the country to use various mechanisms to access climate finance. Under the Ministry of Environment, Energy and Climate Change, the GEF-GOS UNDP programmes coordinating unit was set up to coordinate and oversee all environment and energy projects financed by the GEF/UNDP under implementation by the Government. Also in place is a steering committee that checks all projects and ensures credibility of the projects. The Seychelles Conservation and Climate Adaptation Trust fund (SeyCCAT) was set up through a debt conversion for marine conservation and climate adaptation. SeyCCAT was created to manage the blended capital proceeds from the debt conversion and, in exchange, the Seychelles government committed to improved policies and increased investment in marine conservation and climate adaptation.

For Seychelles, the needs and priorities include:

- Implementation of the numerous policies and strategies of the country which form the context of climate change projects and concepts.
- Reducing vulnerability to climate change.
- Strengthening environmental management and governance.

South Africa has numerous sources of finance – government, multilateral development banks, bilateral donors, and the private sector. The country also has a carbon tax in place, dedicated budget allocations, special purpose vehicles and funds and special programmes which all are avenues of climate finance for the significant financing needs of the country. In addition, South Africa has an implementing entity – the DBSA – which is accredited to the GCF. A key challenge for South Africa is to catalyze, at an economy-wide scale, financing and investment in the transition to a low carbon and climate resilient economy and society.

Needs and priorities are:

- Significant finance needs for future mitigation especially renewable energy, decarbonizing electricity, carbon capture and storage, and other technologies such as solar.
- Implementing the mitigating systems.
- Building resilience in municipalities and local communities.
- Equity fund for small independent power producer projects and low carbon projects and technology promotion.
- Building capacity to govern, regulate, install and operate technologies.

The United Republic of Tanzania has established an NDA and has submitted a readiness proposal to GCF but has not yet been approved. The country mostly receives climate finance through multilateral channels including GEF, Adaptation Fund, LDCF and GCF. Although there is currently no institution accredited for funding, the country has two institutions that are undergoing accreditation process under the GCF. The estimated cost of implementation of the Tanzanian NDC is 14 billion USD.

Some of the priorities and needs are;

- Financing and support towards the implementation of the NDC.
- Financing the implementation of National Climate Change Strategy and National Adaptation Programme of Action which both have priority mitigation and adaptation action.
- Building and strengthening the capacity of NDA.
- Support local institutions to become National Implementing Entities.
- Engagement of stakeholders.

Zimbabwe has the Environment Management Agency accredited as a National Implementing Entity (NIE) for the Adaptation Fund. In addition, the Infrastructure Development Bank of Zimbabwe (IDBZ) is also seeking accreditation to the GCF with support from the World Bank and other organizations. The country has a fully-fledged NDA housed under the ministry of lands, agriculture, water, climate and rural development.

Below are some of the key priorities and needs of the country.

- Capacity building in proposal and project development.
- Funding of the Climate Change Response Strategy and the Low Emissions Development.
- Sensitization of Ministry of Finance and Economic Development to play their facilitative role in climate finance.
- Resources for loss and damage caused by extreme weather events e.g. cyclones, storms, and winds.
- Resources for climate smart technologies in energy, agriculture, infrastructure, industry, transport and waste.
- Need to engage the private sector to invest in climate change.
- Assistance in setting up National Climate Funds to leverage international climate finance.
- Development of innovative finance mechanisms e.g. green bonds, blended finance instruments.
- Facilitation of regional approaches in mobilizing climate finance.
- Strengthening of regional early warning systems and regional disaster response strategy.
- Development of a regional landscape approach to build synergies between climate adaptation, mitigation for a unified approach to address the issues of climate change.

After the presentation on Zimbabwe's needs and priorities, Mr. Martin Burian from the GFA took the floor to briefly present the experiences with the Low Emission Development Strategy (LEDS) for Zimbabwe. He mentioned the development of LEDS is important as some contain financial costing which can be a great help in seeking funds. In his presentation, he mentioned that there is a significant investment gap which can be closed by private funding and that there is a need to efficiently engage the private sector.

Angola submitted its first readiness proposal to the GCF which aimed at building the capacity of the NDA. Even when there is a lack of clear policy and regulation on Climate Finance with no NIE, the private sector in Angola is increasingly being involved in climate finance and climate change.

For the country, priority needs include:

- Capacity Building and technical assistance in all the sectors including agriculture, forestry, water, energy, and coastal zones.
- For the country, it is Important to study other regional plans to integrate ideas (consolidate ideas).
- Consolidate sub-regional needs and aligning of priorities e.g. islands and landlocked countries
- Need to use regional programmes already established.

CLOSING OF DAY ONE

Closing remarks and a summary of the day's session were given by Mr. Kirkman, who thanked all participants for their contributions and deliberations during the day.

DAY 2

SESSION 6: FINANCIAL INSTRUMENTS

Ms. Rentia van Tonder, from Standard Bank delivered a presentation on powering the continent through a sustainable approach. She highlighted tenure limitations under Basel regulation that requires partnerships with development banks. She also mentioned that Standard Bank requires a policy certainty in the region to implement power projects. She further said that off-grids require financing for a period over 10 years, which is not well aligned with commercial tenure of 5 years, therefore recommending DFI partnerships as key. For commercial investment into renewable energy, mitigation of payment risks and creation of certainty greatly help to unlock financing for example the use of implementation agreements signed between IPPs and National Treasury. She however cautioned that this is not a workable solution everywhere, as government guarantees are not always feasible. Another example for risk mitigation that she gave is Power-pooling which offers the potential to diversify off-takers through multiple power purchase agreements (PPAs) that provide security.

Mr. Jonathan First from DBSA then took the floor with a presentation where he mentioned that 90% of concessional finance available today is targeted at addressing climate change. He however said that it is incumbent on government to create the environment for climate finance to work. He continued that the days of relying on government for utility services are slowly fading away; and that the private sector will play an increasingly important role. For private sector involvement, he reiterated that the government again needs to create the enabling environment and also proposed a need to find a way of using local debt-capital market especially in relation to borrowing in foreign currency. He elaborated this with an example of concessional finance which could be used to fund infrastructure.

He also said that Green banks offer a potential solution which could borrow from models in the developed world and adapted to developing world context. He mentioned that the DBSA is looking at establishing a Green Bank with support from the Board on greening the bank and addressing the SDGs. He gave an account on the Climate Finance Facility (CFF) saying its funded half by GCF and half by DBSA to crowd in additional resources. He went on to explain that the CFF offers solutions through tenure extension and first loss guarantee, adding that currently under the rand facility they are looking to create other green banks which could be best established in national DFIs.

Mr. Joachim Schnurr from GFA presented on implementing cooperation approaches in southern Africa. In his presentation, he suggested the need to think about market-based carbon finance, a market that is starting to evolve and cooperative approaches under the Paris Agreement over the next decade.
He then proposed four emerging opportunities:

- CEF4SAPP – a regional tender for Southern African Power Pool (SAPP) countries to develop strategically located renewable energy projects in the pool, funded through carbon re-fit (related to emission reduction savings). The concept forwarded to Transformative Carbon Asset Facility (TCAF) at the World Bank.
- The world's first programme under article 6.2 of the Paris Agreement is being developed by the German ministry of environment to reduce transmission losses in Uganda, Mozambique, Zimbabwe and Zambia.
- The Swiss government is looking to off-set the entire country's transport emissions through funding energy efficiency cooling and switching to natural refrigerants in the SAPP member states, which is also under article 6.2.
- Green hydrogen and fuel cell technology for the South Africa Transport Sector which has been submitted to the NAMA Facility.

He explained that when developing the programmes above, the focus is on economically viable abatement potential within sub-sectors of the economy for increasing emissions using a step-by-step approach. He further emphasized that leveraging private sector co-financing is key for all of these types of interventions to the extent that certain facilities have established certain minimum ratios in this regard.

Ms. Maano Nepembe from the Development Bank of Namibia also delivered a presentation. She gave an overview of the bank where she mentioned that the bank was established by the act of parliament and has been in service for 15 years. With an aim of providing finance in support of key development activities, most of the funding being debt financing with about 90% and the rest being equity. She said that the bank is now moving to financing climate related projects with substantial work in renewable energy project funding including solar, wind, and biomass with the funding going into infrastructure. The bank was nominated by the NDA for the GCF for climate related projects and submitted their application for accreditation to the GCF.

Daisy Mukarakate from UNDP Africa presented on UNDP support actions towards climate change which is organised in three pillars: ambition, acceleration, mobilization (especially the demand side). Depending on the respective country contexts she highlighted that FONERWA could be a classic example and a finance template for other countries. She proposed that during the development of the strategy, it should be linked to country specific plans. There is need to look at country priorities for the region which again need to be aligned with the regional development priorities. She mentioned the need for an MRV system in order to track climate finance as it is usually difficult to quantify and account for money spent by governments.

SESSION 7: POSSIBLE ELEMENTS OF A SOUTHERN AFRICAN CLIMATE FINANCE MOBILIZATION AND ACCESS STRATEGY

The possible content and process of developing the *SADC Climate Finance Mobilization and Access Strategy* was discussed in 3 break-out sessions. In the different break-out groups, participants provided inputs on the possible elements of the strategy. A summary of the proposed elements of the strategy can be found in **Annex I**.

REPORT BACK FROM BREAK-OUT SESSIONS

After the break-out session, outcomes from the three groups were shared and discussed in plenary. Below a summary of the points of discussion, responses and additional input to the presentations by groups.

- It was proposed that the Ministers of finance be part of the development and endorsement of the strategy. It was noted that domestic financing can be used to demonstrate commitment, which was brought forward as another argument to involve all ministers. All present member states confirmed the strategy shall be endorsed at the SADC Council of Ministers level.
- It was raised that the arrangements for approving documents and endorsement of the strategy under SADC should be the SADC Council of Ministers on Environment and Natural resources.
- On the SADC CCSAP, it was emphasized that this was adopted in 2015, and will undergo a review to include the Paris Agreement, Agenda 2063 of the African Union, and 2030 Agenda (SDGs).
- The call for the creation of a SADC green bank and an interest rate subsidy facility for the whole of SADC, was considered by one expert as not feasible due to technical issues (concessionally, exchange rates, common currency, different legal systems, languages etc.). To this, an alternative suggestion was proposed that the Strategy shall support the setup of green banks within the region, as independent or existing domestic banking facilities within national development banks. And that these could be supported by the GCF, SADC and DBSA.
- Seychelles called for an independent evaluation of the strategy and its implementation with an inclusion of a quarterly report, and mid-term review.
- It was explained that for endorsement of the strategy, SADC would need to host a joint ministerial of finance, planning and environment and in some cases land.

Following the session, SADC Secretariat reminded members to ratify the SADC Protocol on Environment, which was approved by SADC ministers in 2014 and has only been ratified by 3 countries to date. It was further emphasized that for the GCF accreditation of the SADC Secretariat to be possible, member states would need to sign letters of no-objection.

SESSION 9: ELEMENTS OF A DRAFT STRATEGY

Mr. Kamleshan Pillay, SouthSouthNorth delivered a presentation where he summarized the different elements of the strategy, as preliminarily defined by member states, including timelines, goals, objectives, expected impacts, strategic areas, and actions. He repeated the strategies' goal "**To facilitate and improve greater access and mobilization of climate finance with SADC Member states that will allow for timely, predictable financial flows**". The development of the strategy including endorsement by High-level ministers is expected to be finalized in 2020.

SESSION 10: NEXT STEPS FOR THE NEEDS-BASED PROJECT

As the last session of the workshop, Mr. Kirkman from the UNFCCC secretariat presented to participants the next steps for the *SADC Climate Finance Mobilization and Access strategy*. He presented areas such as carbon pricing related mechanisms and regulations, public spending and investment, public-private partnerships, supporting the development of green financial products and services, and integrating climate risk analytics into collateral frameworks, central bank portfolio management.

He then presented the next steps for the NBF project for SADC with the envisaged timelines.

He thanked all the participants for their active participation and input during the workshop.

CLOSING REMARKS

Closing remarks were made by Cletus Shengena, Department of Environment Tanzania, SADC Chair, who thanked the UNFCCC Secretariate, the SADC Secretariat and the South African government, for the support towards the workshop. He applauded all the participants in their different capacities for their input and support in making the workshop a success. After his remarks, he officially closed the workshop.

Annex I

Summary outcome of the SADC Technical Workshop 4-5 Nov. 2019 Jhb, South Africa

Objective:

To develop a southern African Climate Finance Strategy that enhances the accessibility and mobilization of climate finance for common climate needs and priorities in southern African countries.

Considerations:

The strategy shall foster principles of inclusiveness, equity, transparency and accountability while addressing common challenges.

- *Ownership:* The development and execution of the strategy shall be driven by SADC Member States, which seek to foster ownership and joint implementation.
- *Scale:* The strategy shall focus on regional needs with the goal of influencing national action in achieving adequate, timely, predictable, and sustainable flow of climate finance.
- *Coverage:* The strategy should cover public and private sources of climate finance. Public climate finance should include bilateral, multilateral, international and domestic sources.
- *Alignment:* The strategy should complement and align with the SADC Climate Change Response Strategy (RCCRS), national development objectives and priorities, the Sustainable Development Goals, and the African Union Agenda 2063 targets.
- *Sectors:* The climate finance strategy needs to address critical sectors as outlined in SADC Member State Nationally Determined Contributions but be broad enough to cater for the differences in needs and priorities across countries.
- *Capacity Building:* The climate finance strategy should enable capacity building based on international best practices as well as peer-to-peer learning.

Principles:

The following principles emerged through facilitated dialogue with stakeholders at the Inception Workshop for the project, and provide a framework for the strategy, as well as the process for development:
The strategy and its development process…

- Shall be country driven with ownership by countries (i.e. SADC member states)
- Shall include common needs and priorities, considering the realities of each country
- Shall be an inclusive consultative process with member states
- Should consider regional policies and strategies under SADC
- Should avoid duplication and promote alignment with existing regional policies and strategies
- Should promote synergies with other developmental activities in the region
- Should support implementation of NDCs
- Should deliver impactful, transformative results and projects
- Shall include collaborative and integrated solutions to address existing barriers, enable capacity building, peer-to-peer learning
- Learn from best practices of other regions, where applicable
- Include tailored and innovative financing instruments relevant to the region
- Promote transparency, inclusiveness, equity (between countries), and accountability
- Involve relevant stakeholders from public and the private sectors
- Enhance partnerships between regional DFIs, national development banks, commercial banks and other private funding institutions/corporates

Scope:

Defining the scope of the strategy requires balancing regional needs with the steps needed to address them. Participants grappled with this challenge, agreeing on the points below in summary of these discussions, noting that the overarching sentiment was that the strategy should be action orientated and feasible.

- Cover regional and national issues
- Frame and target common needs and priorities
- Include short-term, medium-term, long-term goals
- Relevant sectors as described in the NDCs, national plans, strategies and policies, incl. Energy, AFOLU (primarily food security), Water and Sanitation, Transport,
- Noting the advantage of broad scope of the strategy: shall be applicable for all countries (countries to focus on individual needs)
- Include all funds available (public, private, international, bilateral, multilateral, domestic, …)
- Envisioned to cover the SADC region through the various implementation arrangements including (i.) cross-boundary; (ii.) multi-country; and, (iii.) individual country activities.
- Regional cooperation (peer-to-peer learning, cooperation on programmes/ projects)
- Include broad range of financial instruments: blended finance, preferential rate loans with CDIC guarantee, insurance for climate risks, guarantees, exchange rate cover
- Adaptation, mitigation, including cross-cutting issues; as well as gender, early warning systems, disaster risk reduction
- Establish platform/portal for information sharing on climate finance (this type of platform might pre-exist from other strategies)
- Financing mechanisms to unlock private sector investment; (importance of domestic sector)
- Distinguish different typologies of users of the strategy and target specific actions that address the varying needs of different user groups (e.g. small island developing states, coastal countries etc.)

Timeframe of the strategy:

Two options were proposed:

- 5 years from January 2020 to 2025 with mid-term review;
- Long term strategy until 2030 with a 5-year review (to alignment with NDC review periods, and Agenda 2030)

Timeframe of development:

Finalization in the second half 2020, extension only subject to available resources.

Intended impact of the strategy:

The overarching impacts envisioned to be delivered by the Climate Finance Strategy include:

- Effectiveness through scaling transformative, impactful projects;
- Enhanced reduction in vulnerability, reduction of GHG emissions;
- Improved institutional capacity;
- Improved tracking and MRV of regional and national Climate Finance.

Regional projects/initiatives/programmes:

Participants agreed on regional priorities which could include trans-boundary and multi-country projects to facilitate effectiveness and efficiency towards scalability, standardized cooperation, information sharing and learning. A regional finance facility to support national banks, improve capacity of national bank, a common risk instrument to cover project exposure to exchange rate risk, a regional insurance facility to cover disasters and exposure to short onset harmful effects of climate change, and support entities seeking accreditation with GCF. A regional financing approach for water, energy and transport.

Endorsement:

Participants agreed that the strategy shall be endorsed at SADC Ministerial level through the SADC Council of Ministers on Environment and Natural Resources. Ministries of finance should be part of engagement and endorsement process.

Performance & indicators:

Participants agreed monitoring and review of the strategy shall be aligned with the draft tool on MRV to be developed within the mandate given to SADC. Further an independent evaluation (development, adoption, approval, validation) and periodic reporting of the strategy implementation was suggested to include:

- Half-yearly reports
- Annual reports
- Mid-term evaluation
- Final report

Types of indicators to include should be: funds received, funds committed, projects approved, expected impact of project (mitigation, adaptation), assessment of financing gap, does the funding spent correspond to needs, are the impacts of the activities planned, is disbursement percentage for mitigation or adaptation balanced, and how long does the application/project approval process take.

Implementation:

- Consideration of resource and funding of implementation and operationalization the strategy.
- Implementation plan to be developed, including monitoring and evaluation.
- Role of SADC secretariat: coordination throughout the implementation phase.
- Role of UNFCCC secretariat: coordination and funding consultant's work in development of the strategy; identification of partners for strategic implementation.
- Role of partners on the ground: operational level involvement, support, capacity building.
- High-level political endorsement is needed (ministerial level), with ministers of environment and finance to endorse the strategy.

Annex II

List of Participants

	Name	**Position**	**Organization /country**
1	Ms. Musole Musumali	Regional Climate Change Officer	African Development Bank
2	Mr. Carl Bernadac	Deputy Regional Director AFD	Agence Française de Développement
3	Mr. Damien Navizet	Head of the Climate Division	Agence Française de Développement
4	Ms. Arlette Massala	Secretary of State Consultant	International Relations Department Ministry of Environment-Angola
5	Ms. Janet C. Selato	Principal Meteorologist	DMS Met Services- Botswana
6	Ms. Aicha Haribou	Climate Change Expert	Ministry of Environment-COMOROS
7	Ms. Zalhat Bacar		COMOROS
8	Mr. Mubilayi Kabeya François	Head of Office at the Directorate of Sustainable development	Democratic Republic of Congo
9	Ms. Maano Nepembe		Development Bank of Namibia
10	Mr. Jonathan First	Head of Syndication Finance/ Lead Specialist Product Incubator	Development Bank of Southern Africa
11	Ms. Khetsiwe Khumalo	Climate change programme coordinator	Ministry of Tourism and Environmental Affairs, Climate Change Unit- Eswatini
12	Ms. Sanelisiwe Mamba		Eswatini
13	Mr. Joachim Schnurr	Director Competence Centre for Climate and Energy	GFA ENVEST GmbH
14	Mr. Martin Burian	Specialist Competence Centre for Climate and Energy	GFA ENVEST GmbH
15	Mr. Geoffrey Sabiiti	Climate Scientist	IGAD ICPAC
16	Ms. Malipalesa Mei	Senior Budget Officer	Ministry of Finance-Lesotho
17	Ms. Mookho Monnapula	Meteorologist	Lesotho Meteorological Services
18	Mr. Lantoniaina Herisoa Andriafenomiarisoa	Technical Collaborator	Ministry of the Environment, Ecology and Forests-Madagascar
19	Ms. Mialisoa Lalaina		Bureau National de Coordination des changement Climatiques Madagascar
20	Mr. Patrick Mkwapatira	Environmental Officer	Ministry of Natural Resources, Energy and Mining-Malawi
21	Ms. Tawonga Mbale	Director of Environmental Affairs.	Environmental Affairs Department Malawi
22	Ms. Rosalia Marta Pedro	Chefe de Repartição de Género Direccao Nacional do Ambi ente	Ministério da Terra, Ámbiente e Desenvolvimento Rural- Mozambique
23	Ms. Sónia Jacques Gh erson Da Silveira	Advidor of the GCF National Focal Point	National Directorate for Monitoring and Evaluation Ministério da Económia e Finanças - Mozambique
24	Ms. Veripamue Kahimise		Namibia
25	Mr. Shepherd Muchuru	Programme Officer- Climate Change	SADC Secretariat
26	Ms. Sibongile Mavimbela	Senior Programme Officer	SADC Secretariat
27	Mr. Benjamin Vel	Consultant	SEYCHELLES
28	Ms. Funanani Muremi	Deputy Director of International Climate Change	Department of Environmental Affairs - SOUTH AFRICA

29	Ms. Pemmy Gasela	Director of International Climate Change	Department of Environmental Affairs SOUTH AFRICA
30	Mr. Kamleshan Pillay	Technical advisor	SouthSouthNorth
31	Mr. Mohamed Allie		SouthSouthNorth
32	Ms. Rentia van Tonder	Head: Renewable Energy, Power & Infrastructure	Standard Bank
33	Ms. Daisy Mukarakate	Regional Climate Policy Advisor	UNDP Africa
34	Ms. Cecilia Njenga	Regional Programme Co-ordinator Southern Africa	UNEP Southern Africa Office
35	Mr. Grant Kirkman	Programme Officer	UNFCCC secretariat- Germany
36	Ms. Leonie Routil	Consultant	UNFCCC secretariat- Germany
37	Mr. Gabriel Malunga	Research Associate	UNFCCC_ RCC Kampala
38	Ms. Brenda Rwamahe	Administrative Assistant	UNFCCC_ RCC Kampala
39	Mr. Cletus Shengena	Principal Environmental Officer	Vice President's Office. Department Of Environment-United Republic of Tanzania
40	Ms. Vibhuti Jain	Development Partners Specialist	USAID - Power Africa
41	Mr. Chemist Gumbie	Director - Research & Training Division	Forestry Commission-Zimbabwe
42	Mr. Nesbert Samu	Principal Director - Programmes	Parliament of Zimbabwe