



***TECHNICAL WORKSHOP ON NEEDS-BASED
CLIMATE CHANGE FINANCE IN SOUTHERN
AFRICA 04-05 NOVEMBER 2018***

***SOUTH AFRICA'S FINANCE CLIMATE NEEDS
AND PRIORITIES***

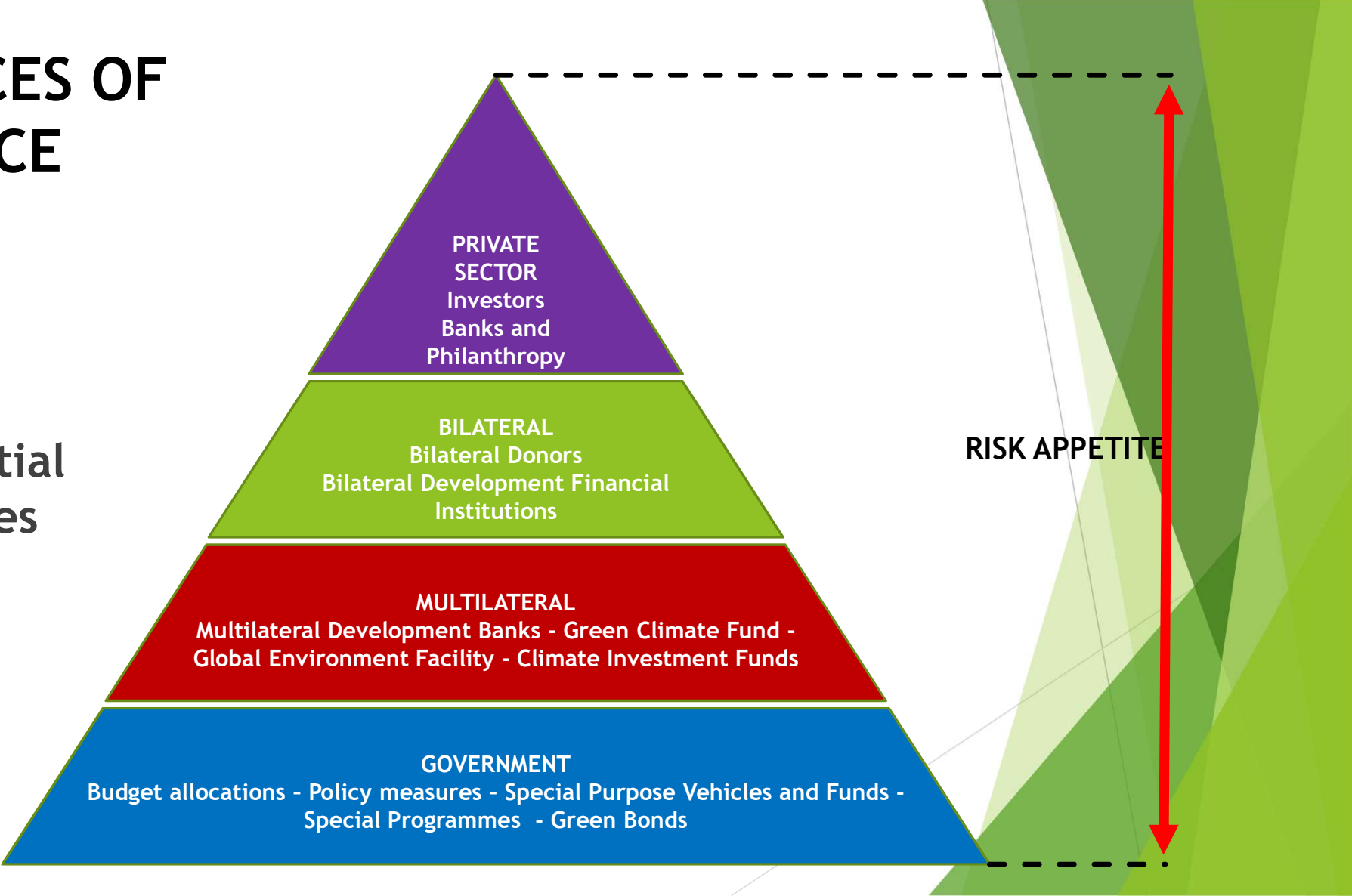
CLIMATE FINANCE

“Finance is a Means of Implementation”

- ▶ Therefore prior to any financing strategy it is critical to understand the following:
 - ▶ What? Why? How and When?
 - ▶ “We want - 10 GW - Renewable Energy – by 2025 – comprising of 20% wind, 40% solar PV, 40% CSP – at R 0.50 per Kw/h”
- ▶ Having this level of information allows us to begins to structure the following:
 - ▶ Sources of finance
 - ▶ Types of Instruments that are most appropriate
 - ▶ Nature of the financing approach
 - ▶ The relevant implementing and executing agencies
 - ▶ Enabling conditions and barriers

SOURCES OF FINANCE

► Potential Sources



GOVERNMENT

BUDGET ALLOCATIONS
AND POLICY MEASURES

Dedicated budgetary allocations (Clean Energy etc)

Carbon tax, Industrial Development

Incentives, Just transition requirements

SPECIAL PURPOSE
VEHICLES AND FUNDS

Just Transition Blended Finance Vehicle*, Just Transition Fund*, National Skills Fund; Small Business and Innovation Fund, Technology Innovation Agency, Employment Creation Fund, Jobs Fund

SPECIAL PROGRAMMES
AND GREEN BONDS

South African Renewable Energy Independent Power Producers Procurement Programme (REIPPPP)

BILATERAL

DEVELOPMENT
ASSITANCE SUPPORT AND
PROGRAMMES

DEVELOPMENT FINANCE
INSTITUTIONS

Germany (BMU); EU (European
Commission); Canada; Flanders

Kreditanstalt für Wiederaufbau (KfW);
Agence Française de Developpement
(Afd); European Investment Bank (EIB),
Development Bank of Southern Africa
(DBSA)

MULTILATERAL

MULTILATERAL DEVELOPMENT BANKS

World Bank, African Development Bank, New Development Bank, etc - Climate Smart Mining Facility, Energy Transition and coal phase out Program, Energy Sector Management Assistance Program

MULTILATERAL FINANCE MECHANISM AND FUND

Global Environment Facility (GEF); Green Climate Fund (GCF), Adaptation Fund (AF), Special Climate Change Fund (SCCF)

PRIVATE SECTOR

FOREIGN AND DOMESTIC
INVESTORS

Private Corporations and Institutions,
Multinationals, Pension Funds, etc

NATIONAL FINANCIAL
INSTITUTIONS

Industrial Development Corporation; Nedbank;
Standard Bank; Land Bank, ABSA, Rand Merchant
Bank, etc

PHILANTHROPIC
ORGANISATIONS

- Ford Foundation, Gates Foundations,
Rockefeller Foundation, etc

IMPLEMENTING ENTITIES

NATIONAL ENTITIES/ INTERMEDIARIES

- ▶ South African National Biodiversity Institute (**SANBI**) ; Development Bank of Southern Africa (**DBSA**)
- ▶ *NB Others entities such as Land Bank, IDC, Nedbank, Camco Clean Energy, Ecspont Limited, Atlantic Energy have been nominated by South Africa for accreditation and at various stages of the accreditation process.*

REGIONAL ENTITIES/ INTERMEDIARIES

- ▶ Acumen Fund, Inc. (**Acumen**); African Development Bank (**AfDB**); Africa Finance Corporation (**AFC**)

INTERNATIONAL ENTITIES/ INTERMEDIARIES

- ▶ Agence Française de Developpement (**AFD**); Conservation International Foundation (**CI**); European Investment Bank (**EIB**); International Bank for Reconstruction and Development and International Development Association (**World Bank**); International Finance Corporation (**IFC**); International Union for Conservation of Nature (**IUCN**); Kreditanstalt für Wiederaufbau (**KfW**); United Nations Development Programme (**UNDP**); United Nations Environment Programme (**UNEP**); World Food Programme (**WFP**); World Meteorological Organization (**WMO**); Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (**GIZ**), based in Germany; Food and Agriculture Organization of the United Nations (**FAO**), based in Italy; International Fund for Agricultural Development (**IFAD**), based in Italy

NEEDS AND PRIORITIES

- ▶ **Significant financing required, based on analysis of incremental costs of future mitigation -**
 - ▶ expand REI4P in next ten years: \$3 billion per year
 - ▶ Decarbonised electricity (renewable energy and nuclear power) by 2050 - estimated \$ 349 billion over 2010 to 2050
 - ▶ CCS: 23 Mt CO₂ from coal-to-liquid - \$0.45 billion
 - ▶ Electric vehicles - \$513 billion over 2010 to 2050
 - ▶ Hybrid electric vehicles: 20% by 2030 - \$488 billion
- ▶ **Technologies identified include:** Energy efficient lighting; Variable speed drives and efficient motors; Energy efficient appliances; Solar water heaters; Hybrid electric vehicles ; Solar PV ; Wind power; Carbon Capture and Sequestration; Nuclear ; and Advanced biofuels.
- ▶ **Implementing mitigation system – need enhanced human and institutional capacity**
- ▶ **Cities-IAP: Building a Resilient and Resource-efficient Johannesburg: Increased Access to Urban Services and Improved Quality of Life** (US\$ 8, 09 million). The project will foster city level resilience, resource efficiency, emission reductions and other co-benefits through area-based pilot demonstrations, systems analysis (food), and improved integrated planning.
- ▶ **Equity Fund for the Small Projects Independent Power Producer Procurement Programme (non-grant)** (US\$15 million). Removing Financial Barriers in the Small Scale Renewable Energy Projects: Establishment of an Equity Fund.
- ▶ **Energy Efficient Low-carbon Transport** (US\$ 1, 3 million). Promotion of the widespread use of electric vehicles (EVs) and non-motorized transport (NMT), and the development of the necessary infrastructure, as part of the Green Transport and Green Cities initiatives of South Africa.
- ▶ **Cleantech Programme for SMEs in South Africa** (US\$ 1, 99 million). Promotion of clean energy technology innovations and innovative clean energy technology entrepreneurship in South Africa through Clean Energy Technology Innovation Competition and Entrepreneurship Accelerator Programme.
- ▶ **Promoting Organic Waste-to-Energy and other Low-carbon Technologies in Small and Medium-scale Enterprises (SMMEs): Accelerating Biogas Market Development** (US\$ \$ 4, 22 million). Promote market-based adoption of waste-to-energy and other low-carbon technologies in small and medium scale industries of South Africa.

CONCLUSIONS

- ▶ Key challenge for South Africa is to catalyse, at an economy-wide scale, financing of and investment in the transition to a low carbon and climate resilient economy and society.
- ▶ The finance and investments are required to enable and support the deployment of low carbon and adaptation technology as well as building the capacity to govern, regulate, install and operate these technologies.
- ▶ Our NDC for example indicate that South Africa will require 2 billion USD to achieve its adaptation objectives. It is clear that South Africa will need all forms of funding to support its climate imperatives.



Thank You

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