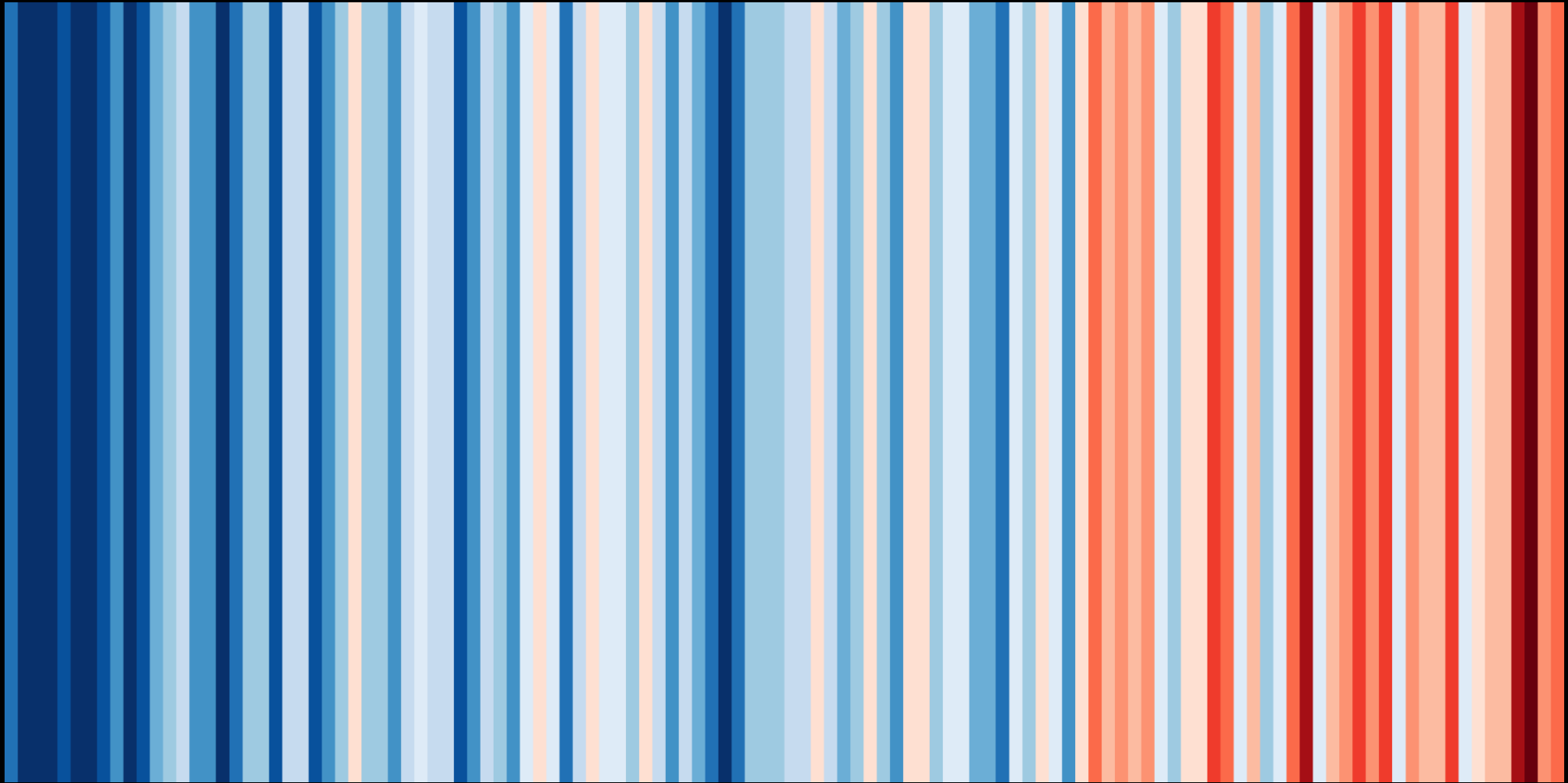




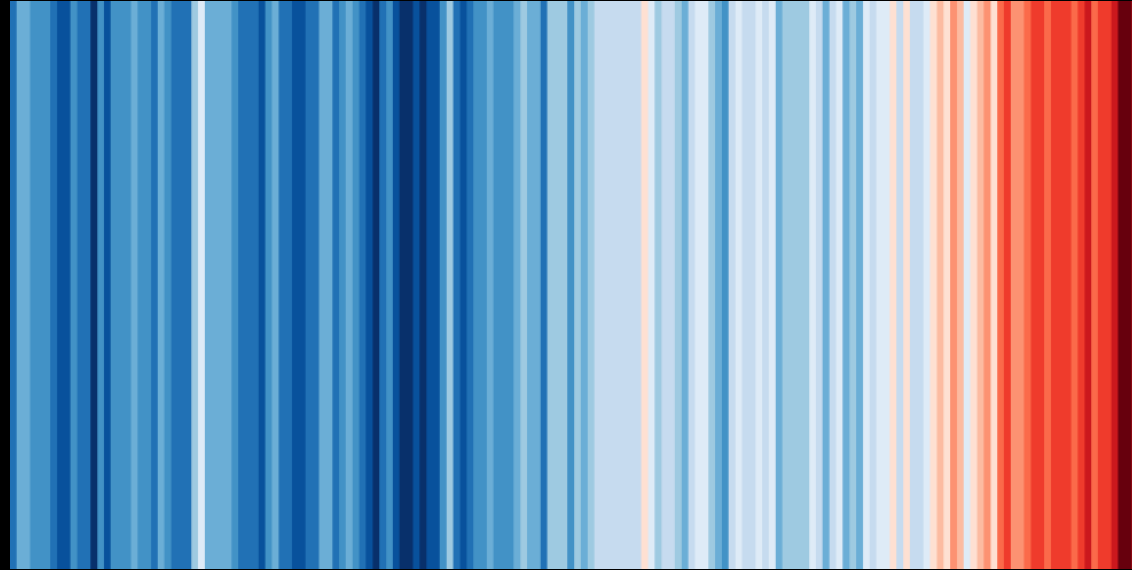
# Greening the South African Economy & Climate Change

Reinhardt Arp, Policy and Futures Unit

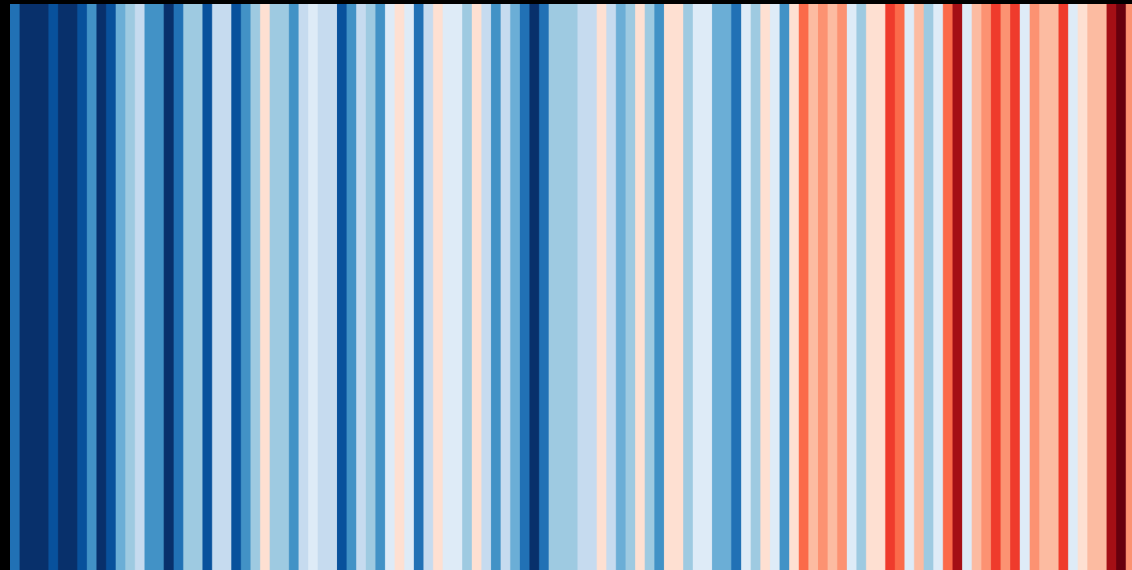
March 2020



**Warming stripes for  
the Globe from 1850-  
2018**



**Warming stripes for  
South Africa from  
1901-2018**



*Show your stripes (2018)*

# The Anthropocene



## Our planet is in crisis

**Nature is our life-support system. From the air we breathe and the water we drink to the jobs that bring us prosperity, people can't survive and thrive without it. But we're losing nature faster than it can restore itself.**

# What does this mean for the South African economy?



# Socio-economic risks from climate change



## External environmental costs

- 95% of electricity is generated from burning coal
- Cost SA ≈R88 billion in 2019

## Physical impacts of climate change

- Floods, droughts and fires are expensive
- Reduce international competitiveness
- Perpetuate unemployment, inequality and poverty



# Socio-economic risks from climate change



## Transitional risks

### Carbon trade barriers

- Reduced demand for carbon intensive exports
- Reduce international competitiveness and comparative advantage
- Negative impacts on balance of payments
- Potential job losses

### Financial risks

**What are we doing  
about it?**





# Transition to a green economy



## We need a green stimulus

- Creates jobs and improves livelihoods in the short-term;
- Provides equitable food, energy, water and economic security in the medium-term;
- Crafts a sustainable future in the long-term

We need a just transition to a green, climate resilient South African economy



# Transition to a green economy



## A green South African economy

- A system of economic activities related to the production, distribution and consumption
- Resulting in improved human well-being over the long term
- Protecting future generations from significant environmental risks or ecological scarcities

(DEA, 2018)

# Nine key areas of the Green Economy

Water management

Green & the environment

Sustainable waste management

WWF POLICY BRIEF ZA 2018

Low-carbon policy inputs

## Financial instruments used by governments for climate change mitigation

Climate change mitigation projects and programmes have drawn on a wide range of financial instruments. These can be broadly grouped as illustrated above. This paper covers each of these instruments and provides examples of their implementation.

- 1 Use government resources strategically:** Financing instruments deployed by governments should focus on reducing barriers, risks and market failures with the explicit aim of crowding-in private sector investment, rather than simply being used to fund projects in general.
- 2 No 'one size fits all' approach:** Choice of instruments depends on the types of financing barriers and risks associated with climate mitigation projects.
- 3 Customise instruments to local markets:** Choice of instruments depends on what local agencies can manage effectively and efficiently, and what local financial markets can understand and use.
- 4 No substitute to effective policy and planning framework:** Financial instruments will only be effective if there are clear, predictable and coherent domestic policy frameworks.

Supported by:  
Federal Ministry for the Environment, Nature Conservation and Nuclear Safety  
based on a decision of the German Bundestag

Clean energy and energy efficiency

Resource conservation & management

Sustainable consumption & production

Environmental Sustainability

# WWF-SA in the green economy space



# WWF-SA Green Financial Solutions



WORKING TOGETHER  
ON THE PRESCIENT  
LIVING PLANET FUND



GREEN  
OUTCOMES  
FUND

CFF

Climate Finance Facility

# The Green Outcomes Fund: An Innovation

## **1. Driving deals and innovative finance strategies**

Local fund managers are already experimenting with linking the cost of capital to social and environmental gains.

## **2. Enabling fund managers to invest with greater efficiency**

Outcomes-based incentives enables local fund managers to invest with greater efficiency and risk mitigation, provided they continuously deliver green impact.

## **3. Organizing the green investment market place**

The portfolio spans early stage seed funders providing high risk capital to investors expecting market rate returns in order to increase the coordination between capital committed to green SGBs.

# WWF-SA Green Financial Solutions



**The WWF Prescient Living Planet Fund**

**The Landscapes Finance Platform**

**The Climate Finance Facility**

**WWF and 6 Capitals ESG Advisory collaborative partnership**



@Simon Rawles

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