Dear friends, partners and associates,

This week, in our ongoing series on confronting the barriers to climate finance in Africa, we discuss how to address the challenges of meeting complex funding criteria. Navigating this issue continues to remind us that building resilience to climate change is a universal concept. While different geographies and systems obviously have different levels of risk, these indicators are universal to COVID-19 recovery and to climate change responses.

We explore this further in this issue, exploring how countries could navigate complex funding requirements for their resilience building actions. In addition, we remind you of our forthcoming online course on accessing finance for groundwater development in the SADC Groundwater Management Institute. As always, we are interested in your thoughts – please email info@oneworldgroup.co.za.

We wish everyone good health.

Belynda and the OneWorld team

CLIMATE FINANCE CHALLENGES: ADDRESSING COMPLEX FUNDING CRITERIA

A major barrier to accessing climate finance in Africa is the difficulty in meeting very specific funding criteria - such as prescribing that a project must focus on either mitigation or adaptation. This criterion effectively limits projects from developing, for example, the adaptation co-benefits of mitigation action. Yet, an intervention, such as a solar energy installation in a low-cost housing development, stands to increase resilience to climate change and other crises through affordable, clean and safe energy access, while reducing greenhouse gas emissions. For vulnerable populations, these resilience or adaptation benefits are more important than the mitigation action itself. However, if the fund is solely focused on mitigation or adaptation, the synergies between different types of climate action can be lost.

Furthermore, while funding criteria across different climate finance channels have already been improving harmonisation across them is low. This leaves African project developers scrambling to satisfy a range of criteria from different funders when trying to leverage different sources of finance for the same project. While there is a need for more flexible funding criteria which can better accommodate local contexts, there are also ways that African institutions can navigate this challenge.

Years of collaborative stakeholder brainstroming has highlighted that integrated screening and prioritisation of climate change projects, through a co-developed prioritisation framework makes incorporating complex funding criteria possible. The application of locally relevant indicators that integrate the co-benefits of different types of climate action can build local resilience while meeting stringent international finance criteria.

In the context of the Green Climate Fund, OneWorld is co-developing customised prioritisation frameworks with the national governments of Mozambique, Mauritius and the Seychelles. These frameworks aim to facilitate prioritisation between sectors with a view to integrating climate action from more than one sector. Doing this in countries with different investment criteria requires that stakeholders evaluate their choices through a political economy lens, allowing them to identify all who stand to gain or lose from the proposed interventions.

This is a critical condition for success. Where funding criteria do not converge - it is around the objective to realise impact for the most vulnerable groups within populations. For example, the GCF provides six investment criteria, one of which is ‘impact potential’ or the potential of the intervention to contribute to critical resilience building aspects such as change in loss of lives, economic losses and environmental or social losses. The objective of these climate adaptation indicators is central to post COVID-19 recovery as it is to building resilience to climate change.

WATCh THIS SPACE: UPCOMING SADC GROUNDWATER FINANCING COURSE

As a reminder, part of our work with the SADC Groundwater Management Institute, involves the development of a training course to increase knowledge of accessing finance for groundwater development projects. SADC-GMI’s online training course will start mid-July and further details will be available in our June newsletter. The course aims to engage project developers through live case studies, practical assignments, and peer to peer and expert knowledge clinics. The course is being hosted on CapNet’s virtual campus, and promises to be both interesting and interactive.

Please contact info@oneworldgroup.co.za or oneworldgroup.co.za or one@oneworldgroup.co.za if you wish to express interest in participating.

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