Country Focus Report 2023

SOUTH AFRICA

Mobilizing Private Sector Financing for Climate and Green Growth

AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

Country Focus Report 2023

SOUTH AFRICA

Mobilizing Private Sector Financing for Climate and Green Growth

AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

African Development Bank Group
Avenue Joseph Anoma
01 BP 1387 Abidjan 01
Côte d'Ivoire
www.afdb.org

ACKNOWLEDGEMENTS

The Country Focus Report 2023 for South Africa was prepared in the Chief Economist and Vice-Presidency for Economic Governance and Knowledge Management Complex, under the general direction and supervision of Professor Kevin C. Urama, Chief Economist and Vice-President, with support from Eric Kehinde Ogunleye, Amadou Boly, and Amah Marie-Aude Ezanin Koffi.

The preparation of the report was led and coordinated by Ferdinand Bakoup, Acting Director, Country Economics Department, with a core team consisting of Herve Lohoues, Lead Economist for Central Africa and Acting Division Manager, Country Economics Division 2 (Southern Africa, East Africa and Nigeria), George Kararach, Lead Economist for Southern Africa, Kelvin Kanswala Banda, Principal Country Economist, and Tricia Effe Baidoo, Staff Assistant, Country Economics Department.

The report received comments from the South Africa Country Team members, Musole Musumali, Principal Climate Change and Green Growth Officer, Nawsheen Elaheebocus, Senior Cross Sector Human Development Officer and Rees Mpofu, Principal Statistician. The report was also reviewed by Patrick Mabuza, Principal Research Economist of the Macroeconomics Policy, Forecasting and Research Department led by Abdoulaye Coulibaly, Director, and Anthony Simpasa and Jaoui Fadel, Division Managers of the Macroeconomics Policy and Debt Sustainability Division and Microeconomic and Institutional Impact Assessment Division, respectively. The report also benefited from the review of Julius Tieguhong, Chief Forestry Officer, and Innocent Onah, Chief Natural Resources Officer, of the African Natural Resources and Investment Centre (ECNR) led by Vanessa Ushie, Acting Director, and Fred Kabanda, Division Manager, Renewables.

Jessica Omukuti, Oxford University, and Professor Anil Markandya, Basque Centre for Climate Change, contributed background notes for the report. External Peer review comments were received from Professor Ramos Emmanuel Mabugu, Sol Plaatje University and PEP, Jessica Omukuti, University of Oxford, and Professor Wisdom Akpalu, GIMPA and EfD.

The data appearing in the report were compiled by the Statistics Department, led by Louis Kouakou, Acting Director, and Manager, Economic and Social Statistics Division and including contributions from A. Chaouch, S. Karambiri and H. Stéphane.

The cover of the report is based on a general design by Laetitia Yattien-Amiguet and Justin Kabasele of the Bank's External Relations and Communications Department. Editing and lay out was done by the Fionnuala Tennyson and Arinze Ikeli, respectively. Final content arrangement was done by Prince Israel and Bright Kofi Atakuma of Creable Multimedia, Ghana.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ANNEXES

LIST OF ACRONYMS AND ABBREVIATIONS

AEO	Africa Economic Outlook
AFOLU	Agriculture, Forestry, And Other Land Use
CFR	Country Focus Report
CIF	Climate Investment Fund
COP	Conference of the Parties (UN Climate Change Conference)
DFIs	Development Financial Institutions
DFFE	Department of Forestry Fisheries and Environment
EEZ	Exclusive Economic Zone
FOLU	Forestry And Other Land Use
GDP	Gross Domestic Product
GGI	Green Growth Index
HSRM	Hydrogen Society Road Map
JET	Just energy transition
IPPU	Industrial Processes And Product Use
MDBs	Multilateral Development Banks
NDC	Nationally Determined Contributions
NCCRP	National Climate Change Response Policy
PGMs	Platinum group metals
SME	Small- And Medium-scale Enterprise

SOUTH AFRICA

KEY MESSAGES

- **South Africa's economic growth slowed in 2022.** It registered a lower gross domestic product (GDP) growth of 2.0%, down from 4.9% in 2021 during the COVID-19 pandemic recovery. Economic slowdown was mainly driven by persistent power blackouts arising from low electricity production, floods in KwaZulu Natal, and constraints in the transport sector, exacerbated by the global downturn following Russia's invasion of Ukraine. The economy is projected to marginally grow by 0.2% and 1.5% in 2023 and 2024 respectively, supported by growth in trade, tourism, mining, and manufacturing sectors.

- **South Africa is the 11th biggest contributor globally to greenhouse gas emissions (GHG) because of its significant reliance on fossil fuels.** Its emissions are above the G20 average. About 45% of 518 239 gigagrams of CO2 equivalent gases emitted in the country come from electricity generation. South Africa relies on its coal mines for 80% of its energy supply. A just transition to renewable energy is therefore critical.

- South Africa received USD 1.731 billion of private climate finance between 2019 to 2020 putting it among the top-five recipients of private climate finance in Africa1. Public sources accounted for USD1.068 billion and private funds accounted for USD0.663 billion or 61% and 39% of total funds received, respectively. However, the country's nationally determined contributions (NDC) estimates that a minimum of USD 8 billion per year by 2030 is needed to achieve its target.

- **As one of the largest 10 coal producers in the world, South Africa received a pledge of approximately USD 8.5 billion at the United National Climate Change Conference (COP26) in 2021 to accelerate the decarbonization of its economy**, with a focus on the electricity system, and to help it achieve the ambitious goals set out in its updated NDC emissions goals. The country has been selected as one of the pilot countries under the Accelerating Coal Transition Program and should receive a total amount of USD 200-500 million in Climate Investment Fund (CIF) resources.

- **Barriers to private sector financing for climate change in South Africa can be categorized into four types.** These are policy limitations, structural challenges, lack of skills and capacity and fund design limitations. To encourage greater mobilisation of resources from the private sector, South Africa must build the technical capacity of its experts in the technical/financial structuring of climate projects, on the one hand, and improve the business environment by establishing/strengthening an incentive-based regulatory, institutional and governance framework, on the other hand. Multilateral banks and development finance institutions can support this effort.

- South Africa has significant endowments of renewable and non-renewable natural capital including minerals, forest, water, and marine resources. South Africa's natural capital was valued at USD 400 billion in 2018 (USD 213.8 billion of renewable natural capital) with the remainder on non-renewable assets. South Africa can harness its abundant wind and solar energy to produce green hydrogen, a clean and renewable fuel that can help the country reduce its greenhouse gas (GHG) emissions, achieve net zero and create new jobs and industries.

- Natural capital rents for South Africa have averaged 3.6% of GDP from 2018 to 2020. This is a marginal increase from 2.6% of GDP in 2015. Mineral rents accounted for an average of 1.1% of GDP for the period 2018 to 2020. Forests and coal rents have averaged 0.7% of GDP and 1.8% of GDP during the same period. The country has significant potential for adding value to natural resources for greater wealth creation.

1. INTRODUCTION

This Country Focus Report (CFR) for South Africa reviews the role of the private sector in financing climate change and green growth. It further explores the scope for harnessing natural capital to finance adaptation and mitigation to climate change and to promote green growth. It aims to replicate at the country level the analyses carried out at the continental level in the African Development Bank's main African Economic Outlook (AEO) report.

2.0 SOUTH AFRICA'S ECONOMIC PERFORMANCE AND OUTLOOK

2.1 RECENT MACROECONOMIC DEVELOPMENTS

South Africa's economic growth slowed in 2022 mainly driven by persistent electricity shortages, flooding in KwaZulu Natal, and constraints in the transport sector, exacerbated by the global downturn following Russia's invasion of Ukraine. The country registered a lower GDP growth of 2.0% from 4.9% in 2021 during the COVID-19 pandemic recovery.

Annual inflation rose to 6.9% in 2022 from 4.5% in 2021, driven by higher food, fertilizer, and fuel prices. To curb increasing inflation, the Reserve Bank of South Africa raised the base interest rate to 6.25% in September 2022 from 5.5% in July 2022. The exchange rate of the Rand against the USD depreciated from R15.3 to USD1 in January 2022 to R17.3 to US1 as of December 2022.

The budget deficit marginally widened to 4.9% of GDP in 2022 from 4.6% of GDP in 2021 due to a higher growth in priority expenditures including pandemic-related expenditures to the most vulnerable. The current account surplus is also estimated to have narrowed to -0.5% of GDP in 2022 from 3.7% of GDP in 2021 mainly because of higher import prices and volumes compared to exports. External reserves increased from USD58.4 billion in August 2021 to USD63.4 billion in October 2022 (about 5.5 months of import cover) boosted by a rise in export earnings. South Africa's total public debt increased marginally to 71.4% of GDP in 2022 from 68.0% of GDP in 2021 due to increased budget financing requirements and fluctuations in interest and exchange rates. The financial sector continued to recover strongly from the impacts of the COVID-19 pandemic with declining non-performing loans reducing modestly from 4.5% in 2021 to 4.0% in 2022.

According to the World Poverty Clock, poverty remains high, with an estimated 30% of the population living in extreme poverty below the poverty line of USD1.90 per day in 2022. Inequality is high with a Gini coefficient of 0.63 in 2021. The overall official unemployment rate eased to 32.7% (7.8 million people) at the end of 2022, one of the highest in the world, down slightly from a peak of 35.3% in the third quarter of 2021. [1]

Table 1 - Macroeconomic Indicatorss	2018	2019	2020	2021	2022I	2023(p)	2024(p)
Real GDP Growth	1.5	0.3	-6.3	4.9	2.0	0.2	1.5
Real GDP Growth per Capita	0.3	-1.0	-7.6	3.9	1.2	-0.7	0.5
Inflation	4.6	4.1	3.3	4.5	6.9	5.9	4.5
Fiscal Balance (% GDP)	-3.6	-5.1	-10.0	-4.7	-4.9	-6.2	-6.7
Current Account (% GDP)	-2.9	-2.6	2.0	3.7	-0.5	-2.2	-2.1

Source: Data from domestic authorities; estimates (e) and prediction (p) based on authors' calculations. AfDB Statistics Department, October 2022.

[1] Department of Environmental Affairs and Tourism (2008), A National Framework for Sustainable Development in South Africa, viewed at: https://www.gov.za/sites/default/files/gcis_document/201409/nationalframeworkforsustainabledevelopmenta0.pdf

2.2 Outlook and Risks

The economy is projected to grow marginally by 0.2% and 1.5% in 2023 and 2024, respectively. This growth will be supported by increases in the trade, tourism, mining, and manufacturing sectors. Inflation is projected to ease to 5.9% in 2023 and decline further to 4.5% in 2024 on account of reduced fuel and food prices, subject to evolving global dynamics. The fiscal deficit is projected to marginally narrow to 4.8% and 4.3% of GDP in 2023 and 2024 respectively, due to fiscal consolidation measures including higher tax revenues. The current account balance is projected to decline to -0.2% and -0.6% of GDP in 2023 and 2024 due to anticipated falls in commodity prices. Downside risks to growth include continued electricity supply constraints, weak governance in state-owned enterprises, associated contingent liabilities and the global economic downturn.

3. PRIVATE SECTOR FINANCING FOR CLIMATE AND GREEN GROWTH IN SOUTH AFRICA

3.1 THE IMPORTANCE OF GREEN GROWTH AND CLIMATE ACTION

Despite being a middle-income country, South Africa still exhibits high vulnerability to climate change risks.

South Africa is the 83rd least vulnerable country and the 80th least ready country for climate change on the Climate Vulnerability Index of 2021. South Africa is significantly vulnerable to climate variability and climate change, which has already affected millions of people. Rapid alterations in weather patterns have already eroded the productivity of local water and food systems and generated unintended consequences, creating further barriers to sustainable development. Most recently in 2021, heavy rains caused severe flooding, leading to loss of lives and damage to property and infrastructure in some parts of the country. Over 400 people died and 40,000 were displaced. The frequency and intensity of extreme weather events, such as floods, fires, and droughts, to which South Africa and the economy are highly vulnerable, are predicted to be on the rise due to an increase in global temperatures caused by anthropogenic activities. The extended drought between 2015 and 2018 had significant impacts on the economy. It was estimated that reduced maize exports alone cost South Africa an estimated R12 billion in export revenue, with job losses across different sectors of the economy, from agriculture to tourism. Relative to other countries, its current vulnerabilities are currently manageable, but improvements in readiness will help it better adapt to future and probably larger, challenges.

The Government is seeking to unlock economic opportunities that will enhance the country's ability to adapt to the rapidly changing climate and realize socio-economic benefits from the transition to a lower carbon, greener economy and at the same time build resilience to create a safer financial sector to better serve South Africa. In addition, climate change planning is becoming part of the budget process and fiscal risks monitoring by the Treasury. At an intergovernmental level, the Government's approach is to integrate climate responsiveness into provincial and municipal planning. This includes ensuring climate change responsive budgeting through guidelines for provincial medium-term expenditure frameworks and built environment performance plans for metropolitan municipalities. Through a progressive integration and system reform, provinces and municipalities can create an intergovernmental project pipeline.

Following the World Summit on Sustainable Development in 2002, and United Nations Climate Change conference in 2015, South Africa has endeavoured to develop various policies to promote the green economy, green growth, and green jobs. It developed the National Framework on Sustainable Development in 20081, and its action plan, the National Strategy for Sustainable Development, as part of South

[2] Department of Environmental Affairs and Tourism (2008), A National Framework for Sustainable Development in South Africa, viewed at: https://www.gov.za/sites/default/files/gcis_document/201409/nationalframeworkforsustainabledevelopmenta0.pdf

Africa's overall growth and development plan. The Framework defines the key sustainable development principles for the country and recognizes the important role that a green economy plays in sustainable development. The country's sustainable development vision is expressed as: "South Africa aspires to be a sustainable, economically prosperous and self-reliant nation state that safeguards its democracy by meeting the fundamental human needs of its people, by managing its limited ecological resources responsibly for current and future generations, andby advancing efficient and effective integrated planning and governance through national, regional and global collaboration".

3.2 THE POLITICAL COMMITMENT TO GREEN GROWTH AND CLIMATE ACTION IN SOUTH AFRICA

The South African Government has embarked on a sustainable developmental pathway to achieve social equity, economic development, and environmental sustainability. This is in recognition that its economy continues to face the triple challenge of high unemployment, poverty, and inequality which has been exacerbated by the impacts of climate change. The Government has adopted climate legislation to support mitigation and adaptation in enhancing its commitment to the Paris Agreement. The country has taken numerous steps to respond to the climate change challenges in partnership with climate change stakeholders. South Africa is a signatory of numerous global climate change responses including the United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol, and the Paris Agreement. It has also developed a National Climate Change Adaptation Strategy, aligned with the National Development Plan 2030. The National Development Plan 2030 for a just transition to a low carbon, climate resilient economy and society, Carbon Tax Bill, Greenhouse Gas Emissions reporting, Climate Change Bill and Pollution Prevention Plan regulations are substantial policy steps undertaken by the country to curb GHG emissions and enhance climate resilience.

South Africa's first NDCs in 2015 committed to keeping national GHG emissions within a range from 398 to 614 Mt CO2-eq for 2025 and 2030. In addition, the Cabinet approved the extension of the hydrogen society roadmap (HSRM) for the next 10 years which articulates the Hydrogen South Africa Strategy approved by Cabinet in 2007 to prepare the country for a shift to a hydrogen economy. The HSRM builds on what has been achieved in the past decade to prepare South Africa to move from research and development to manufacturing and commercialization. The HSRM effectively integrates all hydrogen-related technologies across various sectors of the economy and fosters inclusive economic growth. It positions South Africa as a destination with sustainable hydrogen economic capability and ready to expand the export markets on hydrogen technologies.

It updated its NDCs in 2021 to include a low carbon emission development strategy for the energy, mining, industrial, agriculture, and waste sectors to curb the national carbon footprint to an upper limit of 350–420 metric tons of (MtCO2eq) by 2030South Africa's NDC consists of an adaptation component, a mitigation component, and a support component. A key challenge highlighted in SA's NDC is the limited ability to catalyze finance and investment at an economy wide scale for the transition to a low carbon and climate resilient economy and society (DEA, 2015). The NDC identifies the major climate change adaptation and mitigation programmes that could be scaled-up to support this challenge, several of which correspond with the country's Climate Change Flagship Programmes.

The country is also implementing the Just Energy Transition Strategy, promoting cleaner energy. At COP 26, the Government of South Africa, and the International Partners Group

comprising France, Germany, the United Kingdom, the United States of America, along with the European Union, announced an ambitious, long-term Just Energy Transition Partnership to support South Africa's decarbonization efforts. The partnership aims to accelerate the decarbonization of South Africa's economy, with a focus on the electric power sector, to help it achieve the ambitious goals set out in its updated nationally determined contributions emissions targets. The partnership has committed an initial $8.5 billion to kickstart the energy transition.

South Africa has developed a comprehensive climate change policy/governance framework. The Department of Forestry, Fisheries and Environment (DFFE) is responsible for the implementation of the United Nations Framework Convention on Climate Change, the Kyoto Protocol and Paris Agreement, on behalf of the South African Government. A Presidential Climate Commission was established under the Presidency in 2020, with the mandate to provide independent and transparent advice on South Africa's climate change response, with the overarching aim to realize a long-term just and sustainable transition to a low-carbon, climate-resilient economy, and society; and to monitor progress towards that aim.

3.3 SOUTH AFRICA'S PERFORMANCE IN RELATION TO GREEN GROWTH

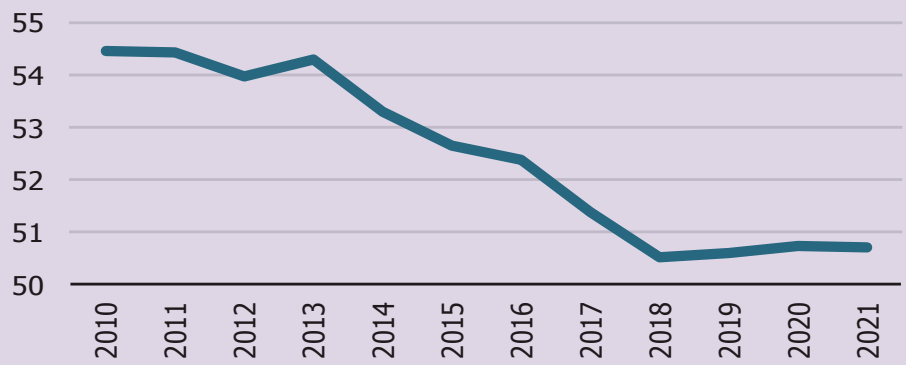
South Africa is the 11th largest contributor globally and the largest on the African continent to greenhouse gas emissions because of its significant reliance on fossil fuels. The nation's GHG emissions which exclude forestry and other land use (FOLU) have increased by 14.2% since 2000, and emissions (including FOLU) have increased by 10.4%. Between 2000 and 2017 the average annual growth in GHG emissions was 0.6% largely driven by the energy sector. South Africa's GHG emissions (excluding FOLU) declined by 2.8% since the 2015 Inventory submission (DFFE, 2017) and if the FOLU sink is included, there was a decline of 4.4% since 2015. CO2 gas is the largest contributor to South Africa's emissions, contributing 83.2% of emissions (excluding FOLU) in 2000 and 84.5% in 2017. Energy emissions have increased over time due to increased demand for liquid fuels in the road transportation, manufacturing, construction, civil aviation, residential and the commercial sectors, but are stabilizing.

South Africa's annual GHG emissions will be in the range from 398-510 Mt CO2-eq by 2025 and annual GHG emissions will be in the range from 350-420 Mt CO2-eq by 2030. The sectors making the largest contribution to emissions come from energy sector, industrial processes and product use, agriculture, forestry, and other land use (AFOLU) and waste. There has been a slow increasing trend in emissions from the Industrial Processes and Product Use (IPPU) sector, except for emissions reduced during the recession. The main drivers in the sector are the metal industries, particularly iron and steel production and ferroalloy production. Emissions from agriculture (equivalent to AFOLU excluding FOLU) are stable but have declined slightly due to a slight reduction in the livestock population, particularly cattle. The land sector sink has increased in recent years due to increasing forest land area (particularly thickets and woodlands/open bush) and a decline in wood losses. The increase in emissions from the waste sector can be attributed to the growing population1.
Currently, South Africa relies on its coal mines for 80% of its energy supply, and this needs to change. To that end, efforts have been initiated to promote a shift to renewable sources of energy generation. South Africa has committed to implementing nationally appropriate mitigation actions aimed at the reduction of emissions. However, the extent to which this commitment is achieved depends on the provision of finance, technology, and capacity building support by developed countries and through the UN climate change governance regime.

3.4 SOUTH AFRICA PERFORMANCE ON GREEN GROWTH INDEX

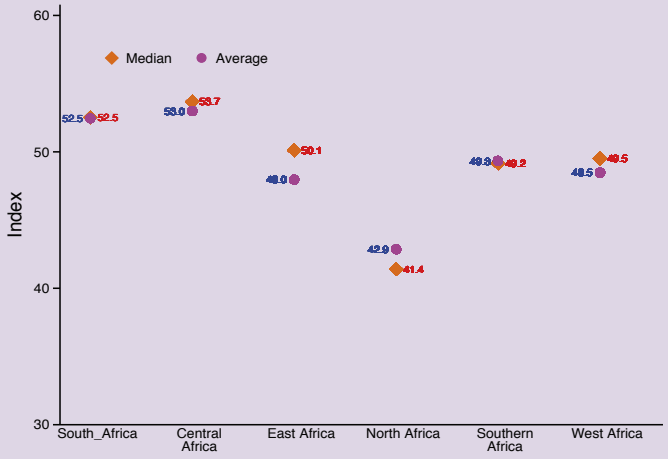
South Africa's green growth index score (GGI) has been declining between 2013 and 2018. Its mean GGI score has increased from 47.6 in 2010 to 48.6 in 2021and it is amongst the highest performing countries on green growth since between 2014 and 2021, with a mean index of 48.3.

Figure 3.1. Green growth index in South Africa, 2010-2021



Source: AfDB African Economic Outlook 2023

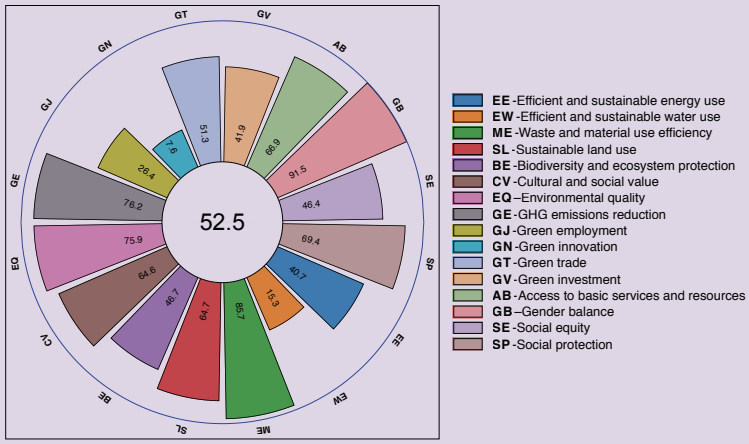
Figure 3.2. South Africa GGI Performance relative to regional averages in Africa



Source: AfDB African Economic Outlook

[3] South Africa's 4th Biennial Report to the United Nations Framework Convention on Climate Change, 2018.

Figure 3.3. Components of South Africa GGI



Source: AfDB African Economic Outlook 2023

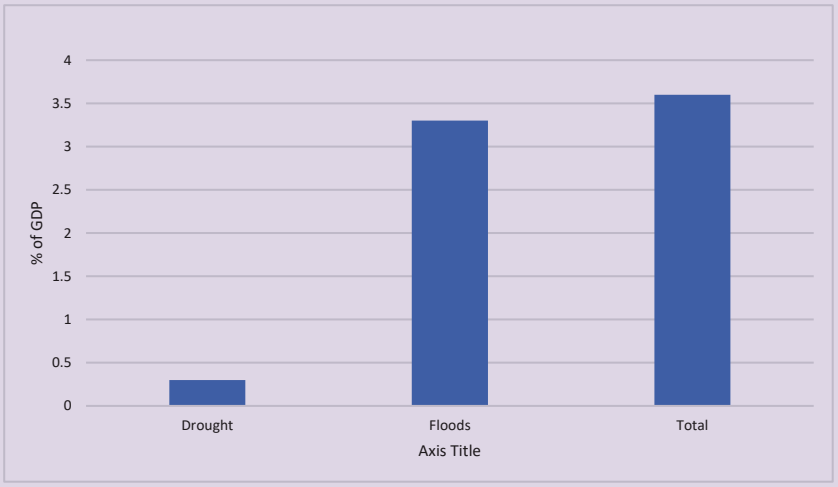
3.5 THE IMPORTANCE OF PRIVATE SECTOR FINANCE FOR GREEN GROWTH IN SOUTH AFRICA

South Africa's Climate Finance Landscape report of 2021 noted that effective implementation of the NDCs and the transition to low-carbon and climate-resilient development requires increased allocation of resources and strategic realignment of budgets in both the public and private sectors. For South Africa to achieve its green growth and climate action ambitions, the private sector will need to be mobilised at scale. South Africa will require significant investments if it is to meet its green growth and climate action needs. For example, assessments show that adapting to the effects of floods and droughts in South Africa will require 3.6% of the country's GDP.

The Government recognises that public funds are insufficient to finance climate-related initiatives and projects, hence the need to leverage support from the private sector. South Africa has a vibrant private sector, generating about 75% of GDP and it presents a significant opportunity for financing climate change and green growth actions. However, there is a need to accelerate the implementation of policy and structural reforms in electricity, water, telecommunications, and logistics to help create an enabling environment for improved private-sector participation. South Africa's National Climate Change Response Policy (NCCRP) explicitly calls for the inclusion of the financial services sector in shaping South Africa's climate and green finance architecture alongside project developers and policymakers. South Africa recognizes the importance of a combined effort across private, public, and blended finance to achieve national climate change response actions and identifies the opportunity for the financial sector to mainstream climate change in risk and investment decisions. As such, the Government is pursuing initiatives that ensure financial institutions embed and improve their capability to identify, manage, and disclose the environmental and social risks in their portfolios by strengthening the regulatory framework and encouraging the uptake of leading practice.

South Africa's vibrant private sector generates about 75% of GDP and offers a great opportunity to climate finance.

Figure 3.4. Private investiment opportunities to droughts and floods in South Africa 2021 and 2040 (% of GDP)



Source: AfDB Annual Economic Outlook 2023

3.6 PRIVATE SECTOR FINANCE FLOWS, GAPS AND REQUIREMENTS FOR GREEN GROWTH AND CLIMATE ACTION IN SOUTH AFRICA

South Africa is one of the leaders on climate finance in Africa. Several innovative financing instruments are already in use across various sectors in the country. These include green and sustainable finance solutions such as green bonds; blended finance such as guarantees, private equity and venture capital, and carbon markets. Green bonds have been widely used in South Africa largely because of its enabling environment, as there has been a good diversification of issuers including commercial banks and cities. The City of Cape Town's water bond attracted a great deal of attention as part of the solution to the City's water crisis in 2018. Similarly, blended finance has been widely used. The Climate Finance Landscape report noted that blended finance was widely used in clean energy, water, and low carbon transport with an estimated R4.9 billion provided in 2017 and 20181. Private equity and venture capital have also been extensively used and it is estimated that these instruments provided R35.3 billion of financing tracked in 2017 and 2018 in South Africa2. While carbon markets have existed, their use has recently been elevated following the introduction of carbon tax in 2019. Table 2 below summarises these instruments.

[4] Climate Finance Landscape Report, 2021.
[5] Green Cape – GEC & TIPS Green recovery dialogue no.4.
[6] Climate Finance Landscape Report 2021.
[7] Green Cape – GEC & TIPS Green recovery dialogue no4.

Table 2: Climate Finance Instruments used in South Africa

Type of Instrument	Green And Sustainable Finance Such As Green Bonds	Blended Financing Instruments E.G. Guarantees, First Loss	Private equity and venture capital	Carbon Markets
Current performance	Several green bonds have been issued in South Africa and their use is growing as sustainable finance mechanisms for mobilising private sector finance.	Widely used in clean energy, water and low carbon transport. An estimated R4.9 billion provided in 2017 and 20181.	Very active mainly in primary project funding, secondary markets and refinancing. It is estimated that private financing provided R35.3 billion of financing tracked in 2017 and 2018 in RSA1.	Has been in existence since 2005 but never really took off. Significant progress has been made since 2019 when Government enacted a Carbon Tax Law.
Key factors enabling successful use of instrument	-South Africa has a developed a large capital market with frequent bond issuers; -Strong private sector; -Presence of legislation and policy regulatory environment.	-Strong Government commitment to financing climate action using public sector domestic finance. -Presence of strong public finance management systems including at decentralized structures of government.	-Presence of regulatory frameworks that encourage innovation. -Presence of a deep consumer market for products.	-Existence of regulations. -The high potential for emission reductions and removals in South Africa.

3.6.1 Current flows of finance

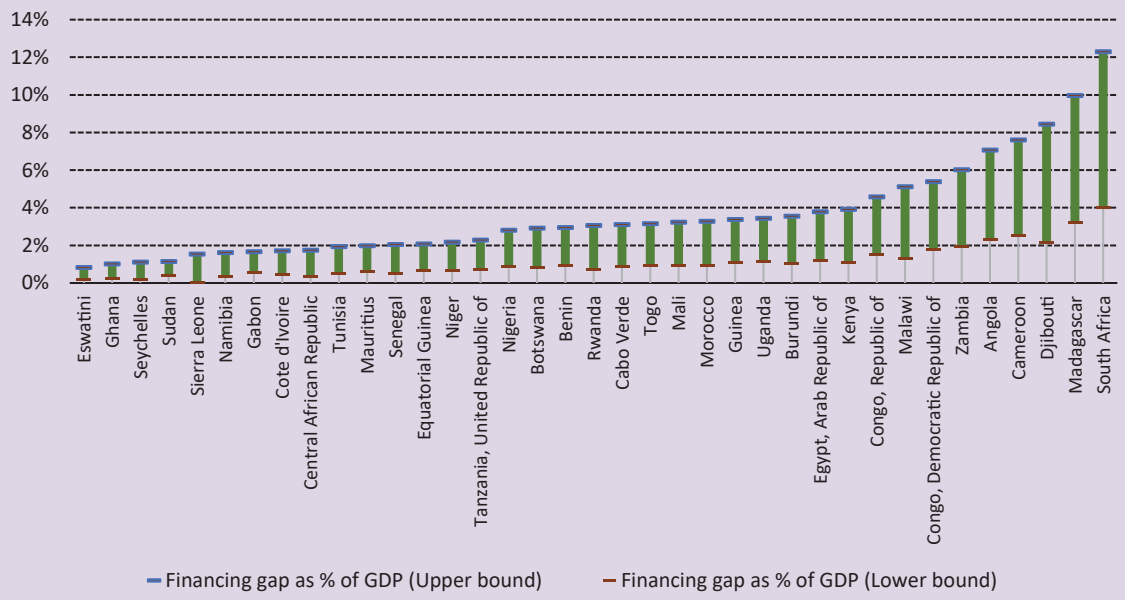
The AEO 2023 estimated that total climate finance flow to South Africa from 2019 to 2020 was USD1.731.0 billion. Public sources accounted for USD1.068 billion and private funds accounted for USD0.663 billion or 61% and 39% of total funds received, respectively. According to the Climate Policy Initiative database, public finance includes funds provided by governments and their agencies, climate funds, and government-funded development finance institutions (DFIs). Local Development Financial institutions (DFIs) accounted for 25% of the public climate finance flows, government and multilateral climate funds account for 11%, each. Commercial investors are the largest source of private sector financing in South Africa. Private sector financing mainly came from corporates and commercial banks that accounted for 37% and 29% of the total private sector financing, respectively. The AEO also estimates a climate finance gap of USD65.131 billion for the period 2020 to 2030. This underscores the important role of private sector in climate financing in South Africa. In terms of sector, it is estimated that about 71% of resources focused on the energy sector. In addition, 76% was allocated to adaptation, 18% to mitigation while 6% had multiple objectives.

3.6.2 Private sector finance needs for the future.

South Africa will need about USD$ 8.0 billion annually up to 2030 to meet its climate change targets. The implementation of climate change actions including strengthening resilience, adaptation and mitigation measures, requires significant financial resources. While there has been progress in identifying some resources, the country needs a surge in funding to meet its planned actions and commitments from both domestic and international sources. South Africa's key goal for its updated first NDC is to access significantly higher levels of climate finance during the periods of implementation of the first NDC, with

a view to achieving a floor of USD 8 billion per year by 2030. According to the AEO 2023, South Africa's financing gap is estimated at 16.4% of GDP per annum and is the highest on the continent. However, it is also possible that the revised NDC may be more comprehensive compared to those of other countries.

Figure 3.5: Country Financing Gap Percent of GDP



Source: AfDB Annual Economic Outlook 2023

3.7 OPPORTUNITIES AND BARRIERS FOR MOBILISING PRIVATE SECTOR FINANCE FOR GREEN GROWTH AND CLIMATE ACTION

3.7.1 Opportunities for private sector investments

South Africa offers significant opportunities for private sector financing of climate change actions. The Renmire study of 20181, identified the following opportunities.

Blended finance has a significant role to play in crowding in private sector finance at scale, especially for low-carbon infrastructure projects (such as water infrastructure) or nascent green-tech industries to support the development of new low carbon markets or technologies.

Green bonds offer a significant opportunity (especially at provincial and municipal level) to mobilise large amounts of private capital earmarked for low-carbon, climate-resilient investments. The global green bond market is expected to grow exponentially as governments, cities, municipalities, and large corporates seek funding to meet climate change commitments and SDGs.

Green performance-based grant funds (outcomes-based grant funds) could offer private sector institutional investors the oppor-

[8] RENMIRE – A study on the potential private sector investment priorities that support South Africa's climate change outcomes, 2018.

tunity to increase investment in green small-, medium- and micro-enterprises, by paying for pre-agreed green outcomes, such as green job creation, climate change mitigation and improved water and waste management, subject to matching private sector funding from these private sector institutional investors. An evolution of this performance-based model could see grants being replaced by concessional or blended finance instruments.

3.7.2 Barriers to private sector investments

In South Africa issues with the financial system create a gap in the enabling environment for supporting climate finance. The study on perspectives on advancing an inclusive and sustainable green finance1 noted that there is limited policy to encourage and promote sustainable finance. The barriers to green finance identified in the report include a weak enabling environment for sustainable finance; general economic barriers; negative perceptions about green project characteristics and activities; lack of dedicated funding; lack of bankable projects; and a skewed focus on the energy system (with far higher levels of investment in renewable energy to mitigate climate change relative to investments in water security or biodiversity).

Gulati et al., (2018) noted that sustainable finance barriers are simply linked to features of the broader South African economy. For example, current lending patterns, relatively high pre-COVID-19 interest rates, and a broader lack of access to credit facilities for many individuals and small businesses restrict investment in any activity. However, recent interest rate cuts due to the financial impacts of COVID-19 might encourage more businesses to take on debt if they can balance the risk of potential poor returns and increasing interest rates in the medium term.
Barriers to private sector financing for climate change in South Africa can be categorized into four groups. These are policy limitations, structural challenges, lack of skills and capacity in both public and private sector, and fund design limitations. At a policy level there is often misalignment between the green economy vision, industrial policy, and structure of the financial system. Structural barriers include high risk of financing early-stage projects and sub-optimal coordination between commercial banks and development finance institutions. In terms of skills and capacity, there are limitations on project development skills within project developers, and capacity constraints for implementing partners. On fund design, there is limited focus on non-energy-related low carbon projects, and legislative barriers to investment in low carbon projects.

3.7.3 Pathways to mobilising private sector finance for green growth and climate action.

Catalytic and innovative finance unlocking private sector financing in South Africa

The private sector in South Africa recognizes its importance in supporting the transition to an inclusive green economy. There is need, however, for financial policies, programmes, products, and services to be developed that support the transition of institutions, systems, and economies to an inclusive and sustainable development pathway. In addition, there is need for a coordinating framework to measure, manage, and report on sustainable finance initiatives in South Africa.

South Africa's resource mobilisation strategy is informed by the mainstreaming climate change into the planning of all stakeholders, including the private sector. To improve engagement with private financing there is need for creating an enabling environment to enable appropriate responses to socio-economic changes for climate resilient development.

Innovative financial instruments: Increased support for innovative finance tools is needed and should be developed, tested, and scaled up to

[9] South Africa Department of Forestry, Fisheries, and the Environment, 2021 Report

leverage private sector capital into those sectors that are still seen to be of high risk. The Government of South Africa has set up a Green Fund managed by the Development Bank of Southern Africa (DBSA) and aims to provide catalytic finance to facilitate investment in green initiatives that will support poverty reduction and job creation. Importantly, the Fund support initiatives which would not have been implemented without its support. The Green Fund is additional and complementary to existing fiscal allocations supporting the transitioning of the South African economy to a low-carbon, resource efficient and climate resilient growth path.

Subsidies for green investments: Subsidies can be used to promote substitution of energy sources especially for heavy fossil fuel private users to incentivise their transition to renewable sources of energy. The Government of South Africa can tie ball outs to transition to renewable energy.

Capacity-building of key actors: More capacity-building is needed in South Africa to support financial institutions and institutional investors to incorporate climate change considerations into their internal processes. While most financial institutions already consider some environmental impacts in their screening processes, little is being done on emissions reduction for example.

3.7.4 Role of DFIs and MDBs

One of the binding constraints in climate change action is limited financing. Multilateral Development Banks (MDBs) and Development Financial Institutions (DFIs) are critical in channelling financial resources for climate-related projects in their member countries. MDBs have significant potential to raise funds for climate change but they also have a role to play in supporting national governments to develop national development strategies for climate responsiveness including low-carbon and green growth transitions. MDBs and DFIs can support financial institutions to leverage private investments, assist countries in understanding and integrating climate risks in their investment decisions and in ensuring that appropriate adaptation and mitigation measures are undertaken. Their expertise on climate change issues is often tapped into by member countries to mainstream climate resilience into development with the aim of reducing vulnerability of investments to climate shocks. Finally, DFIs and MDBs are key actors in supporting innovation in climate finance instruments.

4. NATURAL CAPITAL FOR CLIMATE FINANCE AND GREEN GROWTH

4.1 THE EVOLUTION OF NATURAL CAPITAL

South Africa has significant endowments of renewable and non-renewable natural resources capital including minerals, forest, water, and marine resources. South Africa's natural capital was valued at USD400 billion in 2018, where USD213.8 billion was the value of renewable natural capital and the remainder on non-renewable assets. Mining has been the mainstay of South Africa's economy. South Africa has historically been home to exceptional mega-deposits and experienced significant exploitation of gold, platinum group metals (PGMs), base metals and diamonds over the past 150 years of mining. The country still has rich endowments of untapped mineral potential, albeit grossly under-explored. Although gold, diamonds, platinum group metals (PGMs) and coal are the most well-known among the minerals mined, South Africa also hosts chrome, rare earth elements, vanadium, titanium among others. The mining sector is a significant contributor to the economy with annual GDP contribution averaging 7% over the past decade.

4.2 NON-RENEWABLE NATURAL CAPITAL

4.2.1 Mining Sector

Mining has been the main stay of South Africa's economy. Although gold, diamonds, Platinum Group Metals (PGMs) and coal are the most well-known among the minerals mined, South Africa also has known deposits of chrome, rare earth elements, manganese, chromium, vanadium, and titanium among other minerals. South Africa possesses ore reserves amounting to more than USD2.5 trillion, with 16 commodities ranked in the top 10 internationally: by quantity they are dominated by coal (25%), PGMs (24%), gold (16%), and iron ore (11%). This mineral wealth presents South Africa with a comparative advantage in.

Key opportunities emerge from sectors where significant mineral resources serve as feedstock for industrial development. South Africa is well endowed with natural resources and has a relatively high infrastructure quality compared to other countries in Africa. South Africa is also the leading global producer of manganese which brings many future-leaning opportunities because for a low carbon future, manganese, cobalt, and nickel will be needed to manufacture batteries for energy storage to feed the grid and for electric vehicles. This is a huge opportunity for South Africa as it prepares to add more renewable energy sources to its energy needs and will also address its high carbon-intensity energy generation using coal. The mineral endowments and infrastructure present South Africa with a unique opportunity to become a regional centre for battery manufacturing for electric vehicles. Its huge Platinum Group Metals resources can also be harnessed for the hydrogen fuel cell system in automobiles.

Natural capital rents for South Africa have averaged 3.6% of GDP from 2018 to 2020. This is a marginal increase from 2.6% of GDP in 2015 and rents have been collected from minerals,

forest, and coal. Minerals rents accounted for an average of 1.1% of GDP for the period 2018 to 2020 while forests and coal rents have averaged 0.7% of GDP and 1.8% of GDP during the same period. The country needs to enhancc value addition on its non-renewable natural resources through manufacturing instead of trading raw material as well as research and development to develop new technologies to address the country's challenges including creation of jobs and reducing poverty. The country needs to enhance natural resource rents collection to widen its domestic resource base that is critical for achieving its development priorities.

4.3 RENEWABLE NATURAL CAPITAL

4.3.1 Land Resources

A 2017 land audit in South Africa estimated that the country has a land surface area of 121,924,881 hectares. Only 11% of this land is arable. Due to water scarcity, it is estimated that 28% of the land receives 600mm of rain annually, making most of the land unsuitable for farming but suitable for livestock and wildlife production. Since independence in 1994, South Africa has been implementing several key reforms on land. The National Development Plan states that land reform will unlock the potential for a dynamic, growing and employment-creating agricultural sector. The Constitution of the Republic of South Africa provides a framework for land reform protection of property rights and expropriation if it is in the public interest. The audit also showed that 114,223,276 ha or 94% of total land in the country is registered in the Deeds Office. The Land Audit also showed that individuals, companies, and trusts own 89 523 044 ha or 90% of the 114,223,276 ha of land. Individuals own 37,800,986 ha or 39% of this total land.Land is one of the most important natural resources that provides the basis for basically all socio-economic activities and biodiversity. Sustainable management of land resources is critical for climate change.

4.3.2 Water Resources

Similarly, water is vital for life and it is a critical natural resource to socio-economic activities and biodiversity. South Africa is a water scarce country ranked as the 30th driest state in the world with a water stress level of 63.5%, which indicates there is high competition for water use.1 Rainfalls and water resources are unevenly distributed, for instance, just 20% of the country's land area produces over 60% of the river flow.

To meet the demand of the economy, the country has built numerous dams, in excess of 5000 (most are mall dams), with a combined storage capacity (31Km3) of around two thirds of the country's mean annual rainfall in order to address the uneven distribution of water resources and manage floods and droughts. The largest user of water is agriculture, which includes afforestation and livestock watering, and accounts for 61%. Municipal and domestic use follows at 27% (including industrial and commercial users provided from municipal systems), and power generation, mining, and bulk industrial use at 12%.2 While the country made significant progress in the past two decades, millions remain without a reliable water supply and safe sanitation services. The number of people without safe sources of water supply exceeds 3.5 million, and likewise 13 million people are without access to safe sanitation services. The policy framework for the sector includes the National Water Policy Review (2013), National Sanitation Policy (2016), National Water Resources Strategy 2, (2013), Water and Climate Change Policy (2017) and other related key policy and strategic documents. In terms of legislative framework, the National Water Act (1998) and Water Services Act (1997) are among the principal pieces of legislation guiding the sector organisation.

[10] FAO Aquastat Information System on Water and Agriculture Data Base 2018-2022
[11] Draft National Water Resources Strategy 3, 2022, Department of Water and Sanitation.

4.3.3 Forest Resources

South Africa is a low forest cover country with only 6% to 10% of its land under forest. Analysis of World Bank data shows that over the last 20 years (1998 to 2017), the forestry sector contributed on average 0.8% to the GDP of South Africa, ranging from 1.0% in 1998 to a maximum of 1.2% in 2002 and declining to 0.5% in 2011 and slightly increasing to 0.7% in 2015. Aside from these contributions to GDP, forests and forestry products add to the wellbeing of many communities across South Africa in terms of providing woodfuel for cooking and heating, fodder for animals as well as constituting a significant source of household income, medicine and shelter. Moreover, forests retain carbon and improve soils, thus contributing to mitigating the effects of climate change on the people and environment of South Africa.

4.3.4 Marine Resources and the Blue Economy

With 3,600 km of coastline, South Africa has the longest coastline on the continent after Somalia but is the only country to have a maritime space on both the Indian and Atlantic Oceans and to belong to the two Large Marine Ecosystems of the Agulhas Current and the Benguela Current. The Exclusive Economic Zone (EEZ) is estimated at 1.07 million km^2, to which must be added the 180,000 km^2 surrounding the sub-Antarctic islands of Marion and Prince Edward, which constitute a vast marine protected area including several biodiversity sanctuaries. In total, South Africa has nearly 2,100 species of fish[1], 180 of which are found in freshwater. Of the more than 1,900 marine species, more than 120 are exploited by commercial, subsistence or recreational fisheries.

Fishing plays an important role in South Africa. The contribution of the capture fisheries sector is estimated at only 0.3% of the GDP, but taken as a whole, the maritime economy would contribute more than USD3.3 billion in 2019, i.e. 1% of the GDP (RSA, 2019). In total, the fishing industry employs an estimated 28,000 people in the capture sector, while more than 80,000 people are employed along the fishery value chain. South Africa has also adopted since 2015 an ocean economy strategy, Operation Phakisa2, which is expected to bring a USD 10 billion increase in GDP and the creation of one million jobs by 2030 through investment in four key growth areas: maritime transport and manufacturing, aquaculture, offshore oil and gas, and protection of the marine environment3. Preserving marine biodiversity could increase tourism, with linkages to other sectors of the economy.

[12] https://www.fishbase.de/search.php?c_code=710#country

[13] Republic of South Africa. 2019. Oceans Economy: Operation Phakisa. Summary Progress Report, 12 Feb. 2019.
[14] Spamer, J. 2015. Riding the African Blue Economy Wave: A South African Perspective. 4th IEEE International Conference on Advanced Logistics and Transport (ICALT). 2015.

5. CONCLUSION AND POLICY RECOMMENDATIONS

5.1 CONCLUSION

A just transition is critical to address South Africa's socio-economic challenges of unemployment, poverty and inequality, while also enabling economic development through environmentally sustainable policy and business practices. Financing the transition to a low-carbon inclusive economy will require both public and private sources of finance, the redirection of funding away from harmful investments such as fossil fuel subsidies, and the development and rapid implementation of innovative financing models. Unlocking such financing will be critical for the green transition.

South Africa has embraced the private sector in its efforts to tackle climate change. The African Economic Outlook 2023 estimated that South Africa was among the top-five recipients of private climate finance in Africa between 2019/2020 with USD656 million (40% of its total climate finance). However, this compares poorly to its climate finance needs and a significant gap remains, hence the need to mobilize more private sector financing. The country has taken measures to restructure the energy sector by moving towards renewable and cleaner energy sources. South Africa's natural capital was valued at USD400 billion in 2018 (USD213.8 billion of which was on renewable natural capital). South Africa's National Climate Change Response Policy specifically calls for the inclusion of the financial services sector in shaping South Africa's climate and green finance architecture.

South Africa is endowed with abundant resources that can be harnessed to open up new frontiers of investment and growth and build a new economy in areas like green hydrogen. Deliberate efforts could be made to monetize public good service provided to the rest of the world including through carbon sequestration or biodiversity preservation.

5.2 POLICY RECOMMENDATIONS FOR PRIVATE SECTOR FINANCING FOR CLIMATE CHANGE AND GREEN GROWTH

5.2.1 National Government

- The Government needs to strengthen the enabling environment for sustainable finance, implementing best practice and market strategies to establish and enforce accountability frameworks, and strengthen financial partnerships and multistakeholder collaboration.

- The Government should develop strong coordination with private sector and international finance and development institutions at national and sub-national levels to facilitate the implementation of green growth and climate action frameworks.

- Increased clarity and consistency around regulation are required, especially for smaller climate sectors and sub-sectors. Regulations and legislation in South Africa need to create a more enabling environment for climate finance. Gaps were evident in some sector policies, and

[15] Climate Finance Landscape Report 2021.

legislation needs to be adapted to support the shift and diversify the portfolio of climate projects. More incentives should be created for climate finance spending, both by the private sector and households1.

• Increase support for blended finance vehicles and develop innovative financial tools. To catalyse the R8.9 trillion required for South Africa, innovative finance tools should be developed, tested and scaled to leverage private sector capital into those sectors that are still seen as high risk. Financing instruments deployed by governments should focus on reducing barriers, risks and managing the potential for market failures with the explicit aim of crowding-in private sector investment2.

• The Government should ensure action to mainstream green growth into national policies and strategies to ensure effective implementation.

5.2.2 MDBs and DFIs

• .A successful transition will require the support from the more developed economies living up to the promises they have made in the past to provide financial support to developing economies.

• MDBs and DFIs should develop innovative financing instruments that de-risk private sector investments, particularly in non-energy sectors that are often considered high risk and often unattractive to private sector investors. Particular attention should also be given to support SMEs, especially women-led SMEs, in the renewable energy.

• Long-term partnerships should be established to enable financing through various mechanisms including grants, concessional loans, investments and risk-sharing instruments, including mobilizing the private sector.

5.2.3 Private sector

• The private sector needs to collaborate with the Government, MDBs and DFIs to identify key risks to climate change and green investments and propose ways of addressing such risks. This should include development of platforms linking the domestic private sector with international actors such as MDBs, DFIs and international private sector to enhance resource mobilisation.

• Improve public-private coordination within South Africa. The Climate Finance Landscape found that climate spending and investment in South Africa largely remains siloed between the public and private sector. Aside from the intentional efforts of a few development finance players, collaboration is limited. A coordinated effort is required to focus resources where there is the most effective and efficient spend on the right sectors to support them in meeting social and environmental objectives.

• The private sector should lead but work closely with Government as it develops a pipeline of green projects in alignment with South Africa's NDC priorities and supporting their delivery.

• The private sector should lead but work closely with Government as it develops a pipeline of green projects in alignment with South Africa's NDC priorities and supporting their delivery.

• South Africa can also seek to place itself as a processing hub in Africa, in several green growth sectors: materials, components, products, and services, which the continent needs to harness to benefit from the green transition.

• The private sector also needs to embrace and respect international standards to maintain competitiveness. With the European Union carbon tax, green investments could provide a competitive advantage or block exports to Europe.

[16] Climate Finance Landscape Report, 2021.

REFERENCES

Government of South Africa, National Development Plan (NDP 2030).

Climate Policy Initiative, South Africa Climate Finance Landscape, 2021.

Government of South Africa, South Africa NDC Report, 2021.

South Africa Dept of Statistics, Ecosystem Accounts for South Africa, report of the caves Project

South Africa National Treasury, Financing a sustainable economy technical paper 2021.

PAGE, A green economy, industry, and trade analysis.

RENMIRE, A study on the potential private sector investment priorities that support South Africa's climate change outcomes, 2018.

REGLOBAL, Green bond market in South Africa, 2021.

Energy Monitor, Carbon Markets, January 2021.

DEA, Financing Climate Change, 2011.

African Development Bank, NDC Implementation in South Africa through green investments by private sector

ANNEX

Annex 1 South Africa Selected Indicators

Indicators	Unit	2010	2015	2018	2019	2020	2021	2022 (e)	2023 (p)	2024 (p)
National Accounts										
GNI at Current Prices	Million US $	352,655	365,991	366,400	390,926	358,104	387,831	...	...	...
GNI per Capita	US$	6,810	6,550	6,390	6,730	6,090	6,530	...	...	...
GDP at Current Prices	Million US $	375,348	346,663	403,991	388,446	337,521	418,907	394,473	396,120	402,032
GDP at 2010 Constant prices	Million US $	375,348	416,011	429,926	431,239	403,857	423,698	432,309	433,063	439,530
Real GDP Growth Rate	%	3.0	1.3	1.5	0.3	-6.3	4.9	2.0	0.2	1.5
Real per Capita GDP Growth Rate	%	1.8	-0.8	0.3	-1.0	-7.5	3.9	1.2	-0.7	0.5
Value Added: Mining and quarrying	Million US $	26,201	17,869	21,722	21,754	21,367	32,129	24,218	...	...
Value Added: Mining and quarrying	% GDP	6.3	5.2	5.4	5.6	6.3	7.7	6.0	...	...
Value Added: Fishing	Million US $	...	...	...	...	...	...	...	...	...
Value Added: Fishing	% GDP	...	...	...	...	...	...	...	...	...
Prices and Money										
Inflation (CPI)	%	4.1	4.5	4.7	4.1	3.3	4.5	6.9	5.9	4.5
Exchange Rate (Annual Average)	local currency/US$	7.3	12.8	13.2	14.5	16.5	14.8	16.4	17.1	17.8
Government Finance										
Total Revenue and Grants	% GDP	27.7	29.4	26.7	26.7	25.1	27.8	27.8	27.7	27.8
Total Expenditure and Net Lending	% GDP	32.0	33.1	30.3	31.7	35.0	32.5	32.7	33.9	34.5
Overall Deficit (-) / Surplus (+)	% GDP	-4.3	-3.7	-3.6	-5.0	-9.9	-4.6	-4.9	-6.2	-6.7
External Sector										
Terms of Trade Growth	%	5.6	1.7	-2.2	5.3	14.7	5.1	-10.4	-4.4	-1.6
Current Account Balance	Million US $	-5,634	-15,043	-11,886	-9,976	6,656	15,403	-1,951	-8,724	-9,827
Current Account Balance	% GDP	-1.5	-4.3	-2.9	-2.6	2.0	3.7	-0.5	-2.2	-2.4
Debt and Financial Flows										
Debt Service	% exports	33.0	57.5	53.6	59.2	64.9	47.2	38.2	58.5	37.5
External Debt	% GDP	26.7	35.8	42.7	47.7	50.5	38.3	39.7	41.3	41.5
Net Total Financial Flows	Million US $	4,885	5,338	4,121	5,233	5,118	4,096	...	...	...
Net Official Development Assistance	Million US $	1,036	1,420	921	965	1,203	1,040	...	...	...
Net Foreign Direct Investment	Million US $	3,636	1,729	5,450	5,125	3,062	40,889	...	...	...
Demography										
Total Population	Millions	51.8	55.9	57.3	58.1	58.8	59.4	59.9	60.4	61.0
Population Growth Rate	%	1.2	2.1	1.2	1.3	1.2	1.0	0.8	0.9	1.0
Urban population	% of total	62.0	64.1	66.4	66.8	67.3	67.8	68.5	69.0	69.5
Life Expectancy at Birth	Years	58.9	64.0	65.7	66.2	65.3	62.3	61.5	62.9	66.9
Fertility Rate	births per woman	2.4	2.4	2.4	2.5	2.4	2.4	2.3	2.3	2.3
Poverty and Income Distribution										
Pop. living below national poverty line	% of total population	53.2	...	...	...	...	...	...	...	...
Population living below $2.15 a day	% of total population	18.0	...	...	...	...	...	...	...	...
Gini Index	%	63.4	...	...	...	...	...	...	...	...
Labor Indicators										
Labor Force participation (total)	%	54.2	57.7	58.1	58.3	54.7	55.8	56.8	58.0	...
Labour Force participation (youth)	%	28.2	30.7	29.6	29.7	26.2	26.5	29.7	31.0	...
Unemployment rate (total)	%	23.2	22.9	24.2	25.5	24.3	28.8	29.8	29.9	29.8
Unemployment rate (youth)	%	45.5	42.0	43.8	47.4	43.5	49.9	51.5	51.3	51.2
Natural Resources rents										
Total natural resources rents	% GDP	6.2	2.6	3.4	3.7	3.9	...	...	...	...
Oil rents	% GDP	0.0	0.0	0.0	0.0	0.0	...	...	...	...
Natural gas rents	% GDP	0.0	0.0	0.0	0.0	0.0	...	...	...	...
Mineral rents	% GDP	2.2	0.5	0.5	1.4	1.5	...	...	...	...
Forest rents	% GDP	0.5	0.6	0.6	0.7	0.8	...	...	...	...
Coal rents	% GDP	3.4	1.4	2.2	1.7	1.6	...	...	...	...
Natural Capital Renewable Resources										
Arable land	1000 hectare	12,533.0	12,000.0	12,000.0	12,000.0	12,000.0	...	...	...	...
Agricultural land	1000 hectare	96,891.0	96,341.0	96,341.0	96,341.0	96,341.0	...	...	...	...
Other land	1000 hectare	7,003.9	7,735.9	7,845.1	7,881.5	7,917.9	...	...	...	...
Forest land	1000 hectare	17,414.1	17,232.1	17,122.9	17,086.5	17,050.1				
Planted Forest										
Annual freshwater withdrawals, total	% of internal resources	33.2	41.7	44.3	44.3	...	...	...	...	...
Total Fisheries Production	metric tons	645,803.6	579,065.4	578,377.7	458,339.7	612,456.0	...	...	...	...
Climate Finance and Green Growth										
Total Climate Finance*	Million US $	...	...	...	...	1,731.1	...	...	...	...
Green Growth Index**	%	54.5	52.7	50.5	50.6	50.7	50.7	...	...	...

AFRICAN DEVELOPMENT BANK GROUP

GROUPE DE LA BANQUE AFRICAINE
DE DÉVELOPPEMENT