



Economic and Social Council

Distr.: General
3 February 2025

Original: English

Economic Commission for Africa
Committee of Experts of the Conference of African
Ministers of Finance, Planning and Economic Development
Forty-third meeting
Addis Ababa, 12–14 March 2025

Item 6 (f) of the provisional agenda*

Statutory issues: reports on the work of the subsidiary bodies
of the Economic Commission for Africa

Report of the Intergovernmental Committee of Senior Officials and Experts for Southern Africa on the work of its thirtieth session

Note by the secretariat

The secretariat of the Economic Commission for Africa has the honour to transmit to the members of the Commission the report of the Intergovernmental Committee of Senior Officials and Experts for Southern Africa on the work of its thirtieth session.

* E/ECA/COE/43/1.



Report of the Intergovernmental Committee of Senior Officials and Experts for Southern Africa on the work of its thirtieth session

Introduction

1. The thirtieth session of the Intergovernmental Committee of Senior Officials and Experts for Southern Africa was held in Livingstone, Zambia and online on 20 and 21 November 2024. The theme of the session was “Addressing the energy deficit in Southern Africa through investments in new and renewable energy technologies to reduce energy poverty and accelerate sustainable industrialization and structural transformation”. The session was chaired by the Government of Zambia.

I. Opening of the session [agenda item 1]

A. Opening statements

2. The Permanent Secretary of the Ministry of Energy of Zambia, Peter Mumba, delivered the keynote address to officially open the thirtieth session of the Intergovernmental Committee. Welcoming remarks were delivered by the Mayor of the City of Livingstone, Constance Muleabai; the Chair of the Bureau of the twenty-ninth session of the Intergovernmental Committee and Deputy Permanent Secretary of the Ministry of Trade and Entrepreneurship of Botswana, Seipati Olweny; and the Director of the Subregional Office for Southern Africa, Eunice Kamwendo. Other remarks were delivered by the Resident Coordinator for Zambia, Beatrice Mutali; the Permanent Representative of the African Union to the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC), David Claude Pierre; Energy Economist at COMESA, Malama Chileshe; the Director of Infrastructure of the secretariat of SADC, Mapolao Mokoena; and the Acting Permanent Secretary, Planning and Administration, of the Ministry of Finance and National Planning of Zambia, Prudence Kaoma.

B. Attendance

3. Delegations and participants attended from Angola, Botswana, Eswatini, Lesotho, Malawi, Mozambique, Namibia, South Africa, Zambia and Zimbabwe.

4. Representatives of the following intergovernmental institutions were present: African Union; Economic Commission for Africa; secretariat of COMESA; and secretariat of SADC.

5. Representatives of the following government entities were also present: Development Bank of Southern Africa; Ministry of Commerce, Trade and Industry (Eswatini); Ministry of Commerce, Trade and Industry (Zambia); Ministry of Economy and Planning (Angola); Ministry of Energy (Zambia); Ministry of Finance and Economic Affairs (Malawi); Ministry of Finance and Economic Development (Zimbabwe); Ministry of Finance and National Planning (Zambia); Ministry of Green Economy and Environment (Zambia); Ministry of Industry and Commerce (Zimbabwe); Ministry of Mineral Resources and Energy (Mozambique); Ministry of Trade and Entrepreneurship (Botswana); Ministry of Trade, Industry and Business Development (Lesotho); and Ministry of Trade and Industry (Malawi).

6. Observers from the following organizations were present: Angola Chamber of Commerce and Industry; Center Hub Innovation; Kafue Gorge Regional Training Centre (Zambia); Namibia Energy Institute; Oxfam International; Renewable Energy Association of Zimbabwe; SADC Business Council; SADC Centre for Renewable Energy and Energy Efficiency; Trade and Industrial Policy Strategies (South Africa); Trade Law Centre (South Africa); Zambia Chamber of Commerce and Industry; and Zimbabwe Broadcasting Corporation.

7. Observers from the following private sector, social enterprise and media entities were also present: LiChi's Community Solutions Ltd. (Zambia); Meekono; Times of Zambia; Tiptronic Media Arts (Zambia).

II. Election of the Bureau and adoption of the agenda and programme of work [agenda item 2]

8. The Intergovernmental Committee elected the following members to constitute the Bureau of its thirtieth session:

Chair: Zambia

Vice-Chair: Malawi

Rapporteur: Eswatini

9. The Committee adopted the following agenda for its thirtieth session:

1. Opening of the session.
2. Election of the Bureau and adoption of the agenda and programme of work.
3. Presentation of statutory reports:
 - (a) Recent economic and social conditions in Southern Africa;
 - (b) Work of ECA in Southern Africa (annual report);
 - (c) Implementation of subregional and international agendas and other special initiatives in Southern Africa.
4. Presentation of the thematic report on addressing the energy deficit in Southern Africa through investments in new and renewable energy technologies to reduce energy poverty and accelerate sustainable industrialization and structural transformation.
5. Panel discussion on the state of the energy deficit in Southern Africa: understanding the energy deficit and its socioeconomic impact.
6. Panel discussion on bridging energy gaps in Southern Africa: challenges and opportunities in addressing the energy deficit.
7. Panel discussion on financing the development of energy infrastructure in Southern Africa: a collaborative approach.
8. Panel discussion on advancing implementation of the Agreement Establishing the African Continental Free Trade Area.
9. Presentation of the recommendations of the ad hoc expert group meeting.
10. Presentation and adoption of the outcome statement of the thirtieth session.
11. Announcement of the host and venue of the thirty-first session.

12. Closing of the session.

III. Presentation of statutory reports [agenda item 3]

10. The Committee considered three statutory reports submitted by the secretariat: a report on recent economic and social conditions in Southern Africa; the annual report on the work of ECA in Southern Africa; and a report on the implementation of regional and international agendas and other special initiatives in the subregion, in which particular focus has been given to the implementation of the Addis Ababa Action Agenda in Southern Africa. The Committee also discussed the findings and recommendations of a thematic study on addressing the energy deficit in Southern Africa through investments in new and renewable energy technologies to reduce energy poverty and accelerate sustainable industrialization and structural transformation. The Committee also reviewed and endorsed the recommendations of the ad hoc expert group meetings on a just energy transition and on climate financing.

11. The Committee endorsed the annual report on the work of ECA in Southern Africa for 2024 and the work programme for 2025.

IV. Observations

12. The Committee made several observations on the basis of the presentations by the secretariat and the ensuing panel and plenary discussions on the reports.

13. On the subregion's economic and social conditions in the light of increasing geopolitical tensions in Europe and the Middle East, the energy crisis and the intensifying adverse effects of climate change, the Committee observed that:

(a) The challenging socioeconomic conditions in the subregion, which stemmed, primarily, from energy shortages, depressed commodity prices and weak aggregate demand, had been exacerbated by prolonged drought conditions, especially in Malawi, Zambia and Zimbabwe;

(b) It was unlikely that economic growth rates would increase in the subregion in late 2024 and 2025, particularly in the light of ongoing geopolitical tensions at the global level, deteriorating financial conditions, and more frequent and more damaging climate disasters;

(c) Countries were increasingly using exchange rate policies to boost economic activity and strengthen the competitiveness of their exports;

(d) The indebtedness of countries in the subregion was worsening, with public debt levels rising as a result of elevated public spending to stimulate national economies;

(e) Most countries in the subregion had been unable to achieve the import cover target of six months of international reserves, which had undermined the stability of their currencies;

(f) Industrialization levels across the subregional remained low, despite the implementation of the Agreement Establishing the African Continental Free Trade Area and ongoing efforts by countries in the subregion to stimulate industrial growth through value chain development;

(g) Energy deficits had a deleterious impact on economic growth and transformation;

(h) Budget deficits were narrowing in a number of subregional countries, with some countries achieving the subregional deficit target established by SADC of 3 percent of GDP in 2023;

(i) There had been a slight improvement in some countries' current account deficits as expressed as a share of GDP, reflecting, primarily, improved trade terms for subregional commodities.

14. On the implementation of the Addis Ababa Action Agenda in Southern Africa, the Committee observed that:

(a) The global response to the coronavirus disease (COVID-19) pandemic had negatively affected the mobilization of public resources in several countries in Southern Africa;

(b) In real terms, official development assistance had been declining or had remained stagnant in a number of countries in the subregion;

(c) No country in the subregion had been able to increase significantly its share of global exports of goods or services between 2015 and 2023;

(d) Action was needed to strengthen trade competitiveness and enhance product complexity in the subregion. To that end, subregional economies should endeavour to promote economic diversification, manufacturing and industrial development;

(e) By boosting their trade in services, subregional countries could reap additional economic benefits;

(f) Debt levels in the subregion were increasingly unsustainable. Action should therefore be taken to strengthen the debt management capacity of subregional economies and develop alternative sources of finance, including subregional capital markets.

15. On the energy deficit in Southern Africa and investment in renewable energy technologies to reduce energy poverty and accelerate sustainable industrialization and structural transformation, the Committee observed that:

(a) The subregion suffered from high energy distribution losses due to the poor quality and age of its electricity grid infrastructure, and an unfavourable financial environment meant that insufficient investment had been made in the energy sector;

(b) Only limited financial resources were available, including climate finance, for the development of the renewable energy sector in Southern Africa;

(c) There was a diverse range of unexploited renewable energy resources in the subregion, which could be harnessed to help address the energy deficit and energy poverty;

(d) The subregion had an abundance of the critical minerals needed to power the global transition to clean energy;

(e) Ambitious national and subregional plans had been adopted to increase the share of renewables in the subregional energy mix;

(f) Additional targeted subsidies and incentives were needed to enhance access to energy in rural areas and address high levels of energy poverty;

(g) Measures were needed to de-risk renewable energy projects and enhance their attractiveness to private sector investors with a view to addressing financing gaps in the renewable energy sector;

(h) Sustainable modalities should be developed in collaboration with local and international private sector stakeholders to facilitate the delivery of renewable energy in order to boost both production and consumption;

(i) Stronger regional collaboration was needed to facilitate the exploitation of renewable energy resources, the financing of renewable energy projects and the development and implementation of the requisite policy frameworks to support the growth of the renewable energy sector;

(j) Urgent action was needed to foster the development of partnerships between private sector actors and power utilities so as to accelerate the development of renewable energy infrastructure in Southern Africa;

(k) All renewable non-solar and non-hydro energy resources in the subregion should be mapped with a view to ascertaining their potential for investment and development;

(l) It was critical to enhance the processing of critical energy transition minerals in order to maximize the benefits stemming from the exploitation and export of those minerals for the economies and citizens of the subregion;

(m) Care should be taken to ensure that the development of renewable energy projects was supported through inclusive consultative and decision-making processes.

16. On the implementation of the Agreement Establishing the African Continental Free Trade Area by countries in Southern Africa, the Committee:

(a) Welcomed the progress being made by countries in Southern Africa towards the full implementation of the Agreement and called the adoption of inclusive national strategies to accelerate that process;

(b) Called for the adoption of measures to facilitate the integration of private sector stakeholders in Southern Africa into regional and global value chains in order to enhance the capacity of subregional economies to fully exploit the trade opportunities emerging from larger and more diversified markets;

(c) Underscored the need to adopt and implement national and regional industrial policies to support the trade in value added commodities in the context of the Agreement;

(d) Called upon States in the subregion to promote industrial development through the implementation of policies promoting the development of regional value chains.

V. Recommendations

17. The Committee proffered recommendations to strengthen regional macroeconomic stability in order to promote resilient and sustainable economic growth and employment creation; support implementation of the Addis Ababa Action Agenda; mobilize investments in renewable energy technologies in order to address energy deficits and reduce energy poverty in Southern Africa, and; leverage industrialization and the Agreement Establishing the African Continental Free Trade Area in order to enhance job creation and reduce poverty and inequality.

18. On strengthening regional macroeconomic stability in order to promote resilient and sustainable economic growth and employment creation, the Committee recommended that members of ECA in the Southern African subregion should:

(a) Urgently address the subregion's energy deficit through investment in alternative energy sources in order to support economic activity;

(b) Strengthen domestic resource mobilization efforts and build fiscal buffers, particularly as official development assistance and foreign direct

investment were expected to decline as a result of geopolitical crises, including armed conflicts in the Middle East and Europe;

(c) Exercise caution in using exchange rate policies to boost economic growth and competitiveness due to the limited effectiveness of exchange rates as economic policy tools;

(d) Reduce fiscal deficits and public debt levels so as to reduce debt servicing costs, and allocate any resources previously earmarked to meet countries' debt servicing obligations to projects designed to meet socioeconomic needs;

(e) Increase foreign currency reserves as a buffer against national currency depreciation;

(f) Adopt measures to accelerate the industrialization process, including the development of a manufacturing base and domestic value addition processes that could boost the value of commodities prior to export.

19. On implementing the Addis Ababa Action Agenda, the Committee recommended that members of ECA in the Southern African subregion should:

(a) Call for the Fourth International Conference on Financing for Development, to be convened in 2025, to adopt a new agenda that builds on the Addis Ababa Action Agenda;

(b) Boost domestic public resources through the adoption of measures to broaden the tax base, mobilize a larger proportion of domestic public resources from non-tax sources and make the tax system more progressive;

(c) Re-evaluate their estimates of the costs associated with implementation of the Sustainable Development Goals in the light of climate change-related challenges and ongoing global crises;

(d) Re-evaluate the importance given to official development assistance in resource mobilization strategies and call upon developed countries to increase their official development assistance to countries in the subregion;

(e) Enhance transparency in the provision of development finance by countries in the Global South and develop mechanisms that provide for the transparent disclosure of data on debt;

(f) Implement trade and industrial policies that support structural transformation in order to increase the subregion's exports of value added products and reduce countries' dependence on debt financing;

(g) Call for reforms to the international financial architecture.

20. On addressing the energy deficit in Southern Africa through investment in renewable energy technologies and enhancing access to reduce energy poverty, the Committee recommended that members of ECA in the Southern African subregion should:

(a) Strengthen regional cooperation and align relevant policies and regulations in order to increase investment in the sector;

(b) Strengthen collaboration in the development of high-priority infrastructure projects;

(c) Fast track implementation of renewable energy policies and strategies across the subregion;

(d) Adopt innovative financing approaches to mobilize capital, including through climate finance initiatives, for the development of renewable energy projects and services;

(e) Strengthen collaboration with the private sector through public-private partnerships in order to de-risk investment in the energy sector, including in the area of energy infrastructure development;

(f) Establish strong frameworks and strategies to facilitate the processing of critical energy transition minerals and promote research and development, capacity-building, localization and the mobilization of seed funding;

(g) Create a conducive business environment to attract investors into the energy sector by addressing uncompetitive tariff regimes and other impediments to business activity;

(h) Operationalize measures to de-risk investment, particularly for large projects, with the active support of Governments.

21. On leveraging industrialization and the Agreement Establishing the African Continental Free Trade Area in order to enhance job creation and reduce poverty and inequality, the Committee recommended that members of ECA in the Southern African subregion should:

(a) Adopt national strategies, including on capacity-building, to ensure that stakeholders are fully prepared to exploit trade opportunities stemming from the establishment of the continental market;

(b) Intensify their industrialization efforts to support structural transformation, value chain development and the establishment of linkages that can support trade under the terms of the Agreement.

22. The Committee urged the Subregional Office for Southern Africa of ECA to support the design and formulation of a framework for the periodic evaluation of the implementation of the recommendations of the Committee and the ad hoc expert group meetings.

23. The Committee endorsed the recommendations of the two ad hoc expert group meetings on leveraging renewable energy resources for a just energy transition and on financing climate action and a just energy transition (see annex). The Committee also underscored the importance of facilitating the speedy implementation of the recommendations by relevant stakeholders.

VI. Way forward

24. The Committee underscored the need for the secretariat to:

(a) Ensure that the recommendations are transmitted to the appropriate stakeholders for action, monitor the implementation process and keep the Committee apprised of progress achieved;

(b) Continue to provide technical support to members of ECA in Southern Africa to facilitate their implementation of the recommendations.

VII. Host and venue of the thirty-first session of the Intergovernmental Committee of Senior Officials and Experts for Southern Africa

25. The Committee proposed that Eswatini should host the thirty-first session. The members of the delegation of Eswatini said that they would consult with their Government and transmit its response to that proposal to the Bureau.

VIII. Expression of thanks

26. The delegates and other participants at the thirtieth session of the Intergovernmental Committee of Senior Officials and Experts for Southern Africa voiced their appreciation to the Government of Zambia for hosting the session, expertly steering the deliberations and drafting the recommendations and outcomes. They also voiced their appreciation to the secretariat of ECA for its successful organization of the session.

Annex

Key observations and recommendations of the ad hoc expert group meetings

I. Introduction

1. Three ad hoc expert group meetings, held on 18 November 2024, in Livingstone, Zambia, were convened by the Subregional Office for Southern Africa, in collaboration with the Government of Zambia. The experts reviewed two study reports, which focused on:

- (a) Leveraging renewable energy resources for a just energy transition in Southern Africa: exploring options and challenges;
- (b) Financing climate action and a just energy transition in Southern Africa: challenges and opportunities.

II. Key observations and recommendations

A. Leveraging renewable energy resources for a just energy transition in Southern Africa: exploring options and challenges

1. Key observations

2. On the draft report, the experts agreed that:

(a) Southern Africa was increasingly at risk of climate-change related events, including recurring and worsening droughts and frequent violent cyclones, which could exacerbate food insecurity, disrupt livelihoods, displace populations, and cause significant loss of life. Those events could also cause damage to critical infrastructure, including schools, hospitals, roads and railway lines;

(b) Climate headwinds were coming at a time when the subregion was experiencing a multiplicity of socioeconomic challenges, including subdued economic growth, increasing unemployment, population growth, food insecurity, entrenched poverty and inequality and infrastructure gaps;

(c) A just energy transition could mitigate the impact of climate change and support subregional initiatives to promote sustainable development. Those initiatives included inclusive industrialization, which would foster growth, create jobs and reduce poverty. A just energy transition would enhance access to clean energy, lower energy costs, create new economic opportunities and facilitate access to health and education services;

(d) The subregion was still heavily reliant on fossil fuels. By exploiting the vast deposits of critical energy transition minerals in the subregion, it would be possible to accelerate the adoption of clean energy technologies;

(e) Challenges impeding the development of renewable energy sources included the lack of necessary financial resources, limited access to modern energy technologies, poorly-developed markets and socioeconomic challenges;

3. The experts also:

(a) Endorsed the recommendations in the study report directed at specific thematic areas but recommended that the general recommendations set out at the end of the study report should be amended in line with the suggestions of the Committee (see below);

(b) Voiced concern at inequitable power relations, which meant that renewable energy projects developed by powerful multinational companies were often favoured over community-led renewable energy projects;

(c) Expressed dissatisfaction with industry resistance to the energy transition, particularly in the mining industry, where mining companies and their political backers often had a vested interest in the continued use of fossil fuels;

(d) Observed that the subregion suffered from high up-front costs in the transition to and deployment of renewable energy technologies, which impeded the adoption of those technologies by citizens of Southern African countries;

(e) Called for caution in the management of the energy transition in order to ensure that inequality did not become further entrenched, depriving communities of equitable access to energy and impeding their participation in decision-making;

(f) Observed that all countries in the subregion faced energy deficits, with the notable exception of Mauritius, where 100 per cent of the population enjoyed access to electricity;

(g) Voiced concern that countries that were particularly dependent on hydropower often faced significant power deficits owing to recurring droughts, and called upon those countries to diversify their energy mix;

(h) Noted that the ongoing dependence of countries in the subregion on fossil fuels was impeding their development of renewable energy sources, and further noted the unlimited positive potential of those energy sources;

(i) Urged countries in the subregion to further support the involvement of private sector stakeholders in the development and deployment of renewable energy technologies;

(j) Expressed dissatisfaction with the slow pace of change towards a just energy transition in the countries examined in the study report;

(k) Underscored the need to improve and update the study report on the basis of recent data for specific countries and the recent adoption of policies and frameworks on renewable energy, climate change and the just energy transition;

(l) Observed that countries that were dependent on hydropower often faced substantial power deficits as a result of recurring droughts, and called for the diversification of the subregional energy mix;

(m) Expressed concern that renewable energy policies were haphazard and that few incentives were offered to encourage private sector engagement in that area;

(n) Called for the development of policies to encourage the exploitation of renewable energy resources, together with relevant operational strategies and action plans, and to make available sufficient budgetary resources to support the green transition of subregional countries;

(o) Underscored the importance of integrating the energy sector and information and communications technologies with view to strengthening access to renewable energy and enhancing education, health services, food

security, economic development and overall well-being, especially for the most marginalized communities;

(p) Called for the adoption of social protection measures to mitigate the negative repercussions of the energy transition on vulnerable populations;

(q) Underscored the importance of inclusive decision-making in community-led initiatives and of participatory energy planning, which ensured that priority attention was accorded to the views of local populations;

(r) Underscored the need to provide affordable energy to marginalized communities and called for the crafting of supportive policy and regulatory frameworks;

(s) Emphasized the need to develop robust regulatory frameworks to encourage investment in low-carbon technologies;

(t) Called for steps to be taken to foster public engagement and raise awareness of the importance of renewable energy sources, energy efficiency and the energy transition;

(u) Highlighted the need to mobilize the resources necessary to upgrade the subregion's inadequate energy infrastructure so that it could accommodate renewable power generation.

4. On policies to promote the use of affordable renewable energy sources, the experts:

(a) Emphasized the need for innovative financing modalities, including pay-as-you-go, international financing initiatives, and public-private partnerships, in the development of low-cost renewable energy sources;

(b) Underscored the need to enhance the financial support offered for renewable energy projects, including subsidies, and the importance of streamlined permitting, licencing and standardization regulations and policies;

(c) Called for further support to be given to research and development and for the adoption of innovate local solutions to energy-related challenges;

(d) Highlighted the need to adopt established best practices in the area of renewable energy and to promote benchmarking and collaboration in that area;

(e) Emphasized the importance of financial literacy, especially for women, and of strengthening the capacity of local communities to apply for grants and other funding for renewable energy projects;

(f) Called for enhanced access to energy to be granted to local communities so that members of those communities could play their part as active stakeholders, small-scale entrepreneurs and drivers of sustainable development;

(g) Underscored that stakeholders implementing renewable energy projects should also consider rural off-grid solutions and the particular needs of women, including women entrepreneurs, in order to strengthen the inclusiveness of those projects;

(h) Highlighted that renewable energy could act as a catalyst for industrial development, environmental sustainability and global competitiveness.

5. On technologies to improve access to clean energy, the experts:

(a) Observed that the key clean energy technologies deployed in Southern Africa included solar photovoltaic systems, wind energy generation, mini-grids, hydropower and electric vehicles;

(b) Noted that countries in the subregion had established regulatory frameworks on clean energy to facilitate investment and promote fair competition in the sector;

(c) Called upon Governments in the subregion to make financial resources available to facilitate access to clean energy.

6. On private sector investment in renewable energy, the experts:

(a) Underscored the key role of the private sector in mobilizing and deploying investment, research and development and innovation;

(b) Noted the key role of the private sector in providing viable renewable energy options and in expanding access to clean energy.

2. Recommendations

7. To facilitate access to clean energy, increase private sector participation in the sector and enhance access to critical energy transition minerals, Governments should:

(a) Provide tax incentives to the private sector to fast-track the adoption of clean energy technologies;

(b) Promote the production of renewable energy products, including solar panels, batteries and inverters, with a view to reducing costs, ensuring affordability and enhancing sustainability;

(c) Encourage businesses enterprises to deploy small-scale energy technologies that could facilitate the continuity of business operations during periods of crisis;

(d) Encourage the adoption of inclusive green solutions that could facilitate the exploitation of non-traditional off-grid energy sources;

(e) Develop holistic strategies that support the green and digital transition so as to accelerate the achievement of the Sustainable Development Goals in rural communities;

(f) Formulate renewable energy policies that incorporate operational strategies and action plans for rural off-grid communities;

(g) Support the delineation of critical energy transition minerals and use the information generated to mobilize investment in the clean energy sector,

(h) Develop and implement clean production modalities for industry and encourage industrial enterprises to implement environmental and economic audits with a view to minimizing their consumption of key inputs, including energy, water and raw materials;

(i) Ensure that policies are supported by robust regulatory frameworks to attract investment and encourage the adoption of clean energy technologies;

(j) Provide funding and/or loan guarantees for renewable energy projects;

(k) Foster regional cooperation and the engagement of the private sector in the renewable energy sector, including through public-private partnerships, support capacity-building and knowledge-sharing, and ensure fair competition;

(l) Create a conducive environment to facilitate investment in the sector, including by upgrading key energy infrastructure;

(m) Ensure that power purchase agreements factor in local content requirements for stakeholders seeking to engage in the renewable energy sector;

(n) Adopt binding targets for renewable energy generation and develop robust monitoring and reporting mechanisms to track progress in that area;

(o) Adopt comprehensive and harmonized regional policies on energy transition and accompanying coordination mechanisms;

(p) Promote cooperation and the sharing of expertise and resources in the renewable energy and critical energy transition mineral sectors.

B. Financing climate action and a just energy transition in Southern Africa: challenges and opportunities

1. Key observations

8. On the draft report, the experts:

(a) Underlined the importance of access to finance in a just energy transition, emphasizing the importance of both domestic and capital markets in supporting that process;

(b) Emphasized the importance of incentivizing the private sector to develop backup systems to address challenges related to energy access and facilitating the offloading of any excess power generated to the national grid;

(c) Underscored the importance of monitoring the funding pledges made at the Copenhagen Climate Change Conference and the allocation of resources to countries in Southern Africa;

(d) Highlighted the importance of strengthening collaboration and peer learning in Southern Africa and called for the creation of a platform to share the experiences of countries in the subregion in attracting climate finance;

(e) Voiced concern regarding the low levels of climate finance uptake in Southern Africa and called for accelerated efforts to make Southern African an attractive destination for climate finance, particularly in the development of climate-proof critical infrastructure;

(f) Emphasized the importance of diversifying sources of climate finance through the issuance of green and resilience bonds and engagement with diaspora communities;

(g) Highlighted the critical importance of de-risking investment, particularly for large projects, and noted that the strong creditworthiness of energy suppliers, political and economic stability and an enabling business environment were critical factors that could help to attract large-scale finance;

(h) Noted with concern the lack of robust data to facilitate the development and monitoring of climate adaptation projects, undermining efforts to attract investment. Without robust data, it would prove challenging to quantify the benefits stemming from climate action, measure progress, or demonstrate a return on investment to potential funders;

(i) Called upon members of ECA in Southern Africa to leverage new climate financing tools, including carbon trading, to finance a just energy transition in the subregion;

(j) Emphasized the importance of ensuring that the exploitation of critical energy minerals was undertaken in a just and equitable manner, addressed the needs and expectations of mining communities, and ensured that countries benefited fully from the exploitation of those resources. The experts further called for support to be provided for beneficiation and value addition activities, the development of complete value chains within countries in Southern Africa in which those minerals were located and the creation of

mechanisms for collaboration to that end;

(k) Called for climate finance strategies to incorporate a disaster risk component with a view to attracting investment, including in the form of blended finance;

(l) Called for the strengthening of the Southern African Power Pool with a view to increasing the share of renewable energy sources in the subregional energy mix;

(m) Called for the development of a project preparation facility and the creation of a database of previous climate fund interventions and proposed projects that could, potentially, be financed through climate fund initiatives;

(n) Expressed concern at the limited input of women in decision-making in climate financing initiatives;

(o) Underscored the need to ensure that the conditions attached to climate finance took into consideration local perspectives so as to ensure that climate financing supported broader national and subregional development initiatives;

(p) Noted the need to adopt a holistic approach when designing climate action initiatives so as to address the food-energy-water nexus challenges faced by disadvantaged communities;

(q) Called upon subregional stakeholders to take action to address the energy access gap and to strengthen access to energy by vulnerable communities.

2. Recommendations

9. In the light of the above, the experts recommended that members of ECA in the Southern African subregion should:

(a) Create conducive conditions to attract climate finance, leveraging the experience of members of ECA that have successfully attracted financial resources from abroad;

(b) Incentivize the local private sector and local capital markets to participate actively in the financing of climate initiatives, including those related to critical energy transition minerals;

(c) Create an enabling environment that allows domestic stakeholders to play a key role in climate finance value chains;

(d) Strengthen the capacity of national stakeholders, including women and young people, to understand and participate in carbon markets;

(e) Create an enabling environment that can attract financing for a just energy transition to catalyse economic growth, bolster stability and create employment. In particular, national Governments, in collaboration with relevant regional economic communities, institutional investors and development partners, should endeavour to mobilize resources for the development of climate-proof critical infrastructure that is supportive of local adaptation strategies for vulnerable communities;

(f) Strengthen regulatory frameworks so as to incentivize private sector investment in the renewable energy, sustainable agriculture and other relevant sectors;

(g) Prioritize the financing of subregional infrastructure projects, particularly in transport and energy, and implement policies to facilitate the transition of key industries, including mining and agriculture, to low-carbon sustainable practices;

(h) Invest in innovative economic sectors, including electric vehicle and green hydrogen production, and harness domestic demand by fostering the development of local markets for electric vehicles;

(i) Support the transition to a knowledge-intensive, resource-efficient and environmentally-sustainable industrial economy;

(j) Strengthen governance structures and invest in natural capital conservation and management;

(k) Support efforts by training institutions with a particular focus on the just energy transition to implement hands-on projects that address the unique energy challenges and opportunities in the subregion.
