

## SOUTH AFRICAN GREEN FINANCE TAXONOMY

# Experiences in the development of the inaugural comprehensive national tool

Overview of the South Africa Process, and lessons from aligning with EU approach

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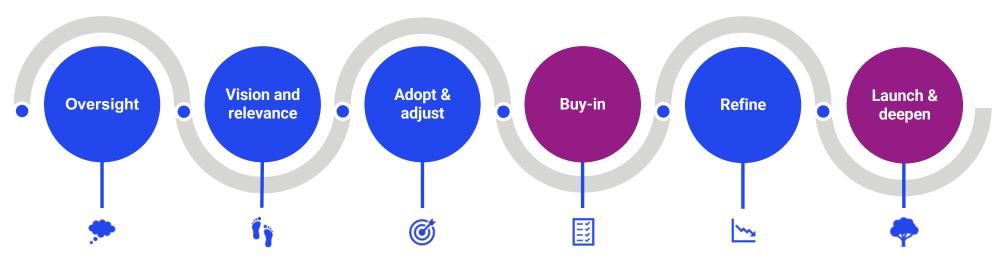


Swiss Confederation

Federal Department of Economic Affairs, Education and Research EAER State Secretariat for Economic Affairs SECO

## South African Green Finance Taxonomy development process





## **Established a Taxonomy** Working Group and consider governance and maintenance

- Multi-representative TWG for 1st development
- Coalition governance & maintenance arrangements design to continue

### Defined the overarching definition, purpose and objectives

- transformation objectives ('environmental dimension')
- Consider other dimensions
- Establish Principles & Objectives

### Early Draft Version, adapting from the EU Taxonomy

- Define economic Localise functional structure Policy & regulatory
  - referencing translation Introduce additional local • activities
  - Test ambition maintenance and address ad-hoc complexities

- Early stage awareness raising sessions (6x)
  - Highly engaged public comment process
  - Bilateral engagement with key stakeholders

approaches

- Volunteer FIs' draft tests
- Regulators & key market actors capacity building
- Workshops & implementation concepts
- Market engagement knowledge products

### Different market engagement Finalise 1st draft Version and complementary knowledge

- Updates & refinements from tests, engagements, and public comments
- Key localisation technical developments
- Develop and refine accessible user guidance and

## Create awareness and launch 1st Version, plan to learn, update and bring others together

- Communications efforts and launch planning
- Effective market signalling
- Market uptake demonstrations
- Regulators' forward planning
- Taxonomic tools' role in and underpinning continued financial sector 'pivot'

## Degrees of difference between EU and SA approach and result



High alignment -

performance

maintained

referenced

performance

requirements

EC - Economic Activities

criteria show major

similarities compared to the EU with

requirements strongly

Moderate alignment -

similarities compared

to the EU with minor differences in

criteria show close

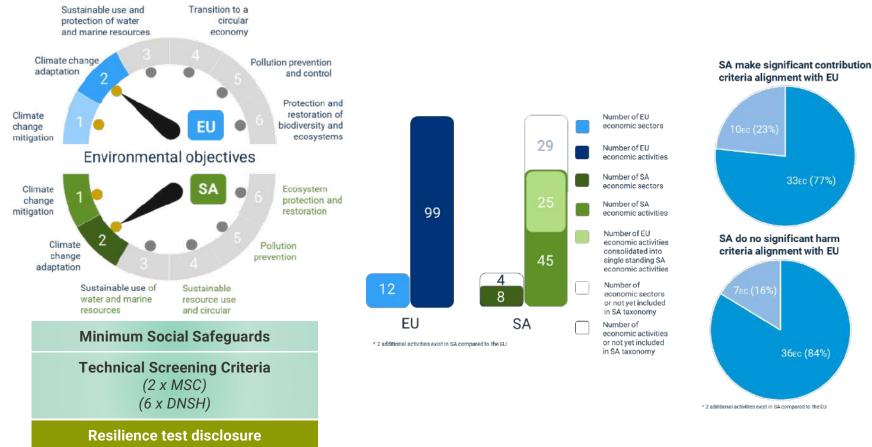


Figure 1: Comparing environmental objectives between the EU and SA

Figure 2: Comparing economic activities consolidated between the EU and SA

Figure 3: Comparing technical standard alignment between the EU and SA

# Knowledge products and engagement are vital to address a spread of understanding and encourage uptake





The process and insights from the development of the 1st Edition of the South African Green Finance Taxonomy



Rationale for a phased approach to developing South Africa's Sustainable Finance Taxonomy



Testing the South African Green Finance Taxonomy: Insights from South African financial market practitioners and case studies compendium



Why and how South
Africa's ambitious Green
Finance Taxonomy is
aligned with the EU
Sustainable Finance
Taxonomy



Proposed Governance Mechanism for the Review and Refinement of South Africa's Green Finance Taxonomy



Draft South African
Green Finance
Taxonomy: June 2021
public consultation
comments and responses
received analysis

+ subpage on sustainable finance website for updates and resources + tailored trainings with key market proponents on request

# An essential element has been market trust, and buy-in – white papers, explanation briefs, experiential inputs, etc. all key





Consult with stakeholders, understand thematic / specific concerns, challenges and underlying issues

Ensure feedback mechanisms that acknowledge and (if possible) address concerns (forward planning)





**Encourage policy development** 

Send market signals to bolster confidence

Develop roadmaps and provide technical assistance to enabling actors



Develop pilot projects (combining capacity building and technical assistant) to different types of taxonomy users

Develop and promote open access knowledge products

## Embedding the use of the taxonomy is the next important task: a Theory of Ecosystem Change



# ECOSYSTEM & POLICY REFORM

## target policy subsystems, work with enabling actors

- Establish the taxonomic 'touchpoints' in existing financial sector oversight mandates, functions and instruments
- A combination of 'step-lightly' early stage studies and activities
- A vital market signal
- Work towards integrating to relevant economic and market oversight touchpoints

# accelerate learning and adoption rates

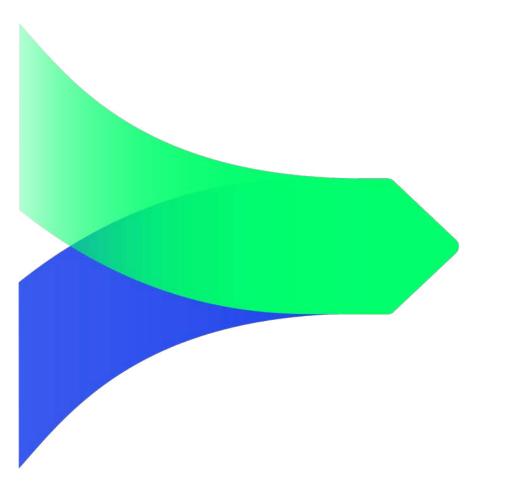


# ACTIONS OF INDIVIDUAL ACTORS AND COALITIONS

# create demonstrations of practical achievability and value, diffuse knowledge

- Introductory awareness raising and building understanding
- Technical implementation capacity building in FIs and supporting industries
- 'As-lived' experiences vs supported implementation
- Practical user application tools
- Case studies
- Webinars (knowledge, practice, demo)
- A repository of resources





Q&A

# Thanks for listening



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