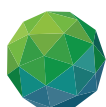


PRIVATE SECTOR ENGAGEMENT ROADMAP FOR CLIMATE ACTION IN ESWATINI

To catalyze implementation
of the Eswatini Private
Sector Engagement
Strategy in Nationally
Determined Contributions
(NDC) action



GREEN
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Executive Summary

The Government of Eswatini (GoE) recognizes the imperative of integrating adaptation efforts into national, regional, and local development planning to bolster the nation's climate resilience. However, the substantial costs associated with adaptation underscore the need to tap into diverse funding sources, including the private sector. Private sector engagement in adaptation is vital not only for enhancing resilience but also for safeguarding businesses from climate risks and seizing opportunities for innovation.

In acknowledgment of the potential benefits of partnering with the private sector, the National Designated Authority (NDA) of the Green Climate Fund (GCF) in Eswatini, supported by the Global Water Partnership (GWP), has undertaken a study to explore the creation of an enabling environment conducive to private sector engagement in climate change actions including assessing the capacity of the NDA in executing this engagement role. This initiative culminated in the development of this Private Sector Engagement Roadmap in Climate Action.

This roadmap serves as a strategic framework for fostering collaboration between the private sector

and stakeholders to effectively address climate change challenges. It highlights the pivotal role of private sector engagement and delineates actions for the NDA to facilitate such engagement, organized into four components.

- Providing an Enabling Environment for Private Sector Engagement
- Enhancing Awareness and Technical Capacity
- Mobilization and Engagement
- Monitoring and Reviewing

The Private Sector Engagement Roadmap in Climate Action provides a comprehensive guide for the NDA in Eswatini to enhance collaboration with the private sector in addressing climate change challenges. By creating an enabling environment, enhancing awareness and technical capacity, mobilizing resources, and implementing monitoring and review mechanisms, this roadmap aims to catalyze private sector leadership and drive collective action towards building climate resilience in Eswatini.

List of acronyms

ACCF	Africa Climate Change Fund
BE	Business Eswatini
AE	Accredited Entities
AFOLU	Agriculture, Forestry and Other Land Uses
BMSA	Building Material and Suppliers Association
CCU	Climate Change Coordination Unit
CTCN	Climate Technology Centre and Network
ECGA	Eswatini Cane Growers Association
ESNAU	Eswatini Farmers' Union and Eswatini National Agricultural Union
GCF	Green Climate Fund
GHG	Greenhouse Gas
GWP-SA	Global Water Partnership Southern Africa
IPPU	Industrial Processes and Product Use
KOBWA	Komati Basin Water Authority
MDT	Multi-disciplinary Teams
MoA	Ministry of Agriculture
MoF	Ministry of Finance
MoHUD	Ministry of Housing and Urban Development
MoPWT	Ministry of Public Works and Transport
MoU	Memorandum of Understanding
MSME	Micro, Small Medium Enterprises
MTEA	Ministry of Tourism and Environmental Affairs
MRV	Measurement Reporting Verification
NCCC	National Climate Change Committee
NDA	National Designated Authority
NDC	Nationally Determined Contribution
NDP	National Development Plan
NDS	National Development Strategy
NIE	National Implementing Entities
PPP	Public-Private Partnership
RBA	River Basin Authority
RESC	Royal Eswatini Sugar Corporation
SAAES	Swaziland Association of Architects, Engineers and Surveyors
SCA	Swaziland Contractors Association
SWOT	Strengths Weaknesses Opportunities Threats
ToR	Terms of Reference
TWG	Technical Working Groups
UNFCCC	United Nations Framework Convention on Climate Change
UNEP	United Nations Environment Program
WASH	Water Sanitation and Hygiene
WUA	Water Users Associations

Introduction

The earth's mean temperatures have risen by approximately 1.0°C above pre-industrial levels and this trajectory of warming increases the risk of abrupt and possibly catastrophic changes that result in more extreme weather events, including gradual shifts in temperature and rainfall patterns . The Kingdom of Eswatini is one of the most vulnerable countries to the impacts of climate change which poses substantial risks to the socio-economic development of the country. The main hazards of concern to Eswatini include droughts, floods, storms, heatwaves, fires, epidemics/diseases (including snakebite envenomation) and landslides/slope movements . Taking into consideration that climate change studies predict even a bleaker future where the country will be faced with more intense and frequent droughts and floods. Eswatini adopted a two-fold strategy (National Climate Change Strategy and Action Plan, 2016-2020) which takes into consideration both adaptation and mitigation.

One of the challenges faced by the Kingdom of Eswatini in combating the impacts of climate change is the limited private sector involvement in climate actions. Realities show that public funds alone are not enough to effectively combat the impacts of climate change through the implementation of appropriate adaptation and mitigation measures. To reduce socio-economic impacts of these changes in the climate, the government needs to collaborate with the private sector. It is also crucial to involve the private sector in climate action for the private sector itself to climate proof its investments against the impacts of climate change. Climate change poses significant risks to private businesses in various ways, and it may provide opportunities for businesses, e.g., through introduction of new products and services that help the society at large to become more resilient to climate impacts.

In advancing this, Eswatini developed a private sector engagement strategy which presents an assessment of the private sector in the country and its potential as well as existing opportunities to leverage climate finance to meet Nationally Determined Contributions (NDC) targets. The strategy recommended several actions to encourage private sector participation in

climate action as well as guidance for the Government of Eswatini and development partners to encourage private sector participation and engagement in climate change and related actions. The strategy intends to stimulate a more informed and devoted private sector to contribute actively to NDC actions in Eswatini. This will be achieved by increasing access to emerging and existing financing mechanisms for the private sector, as well as enabling the integration of climate adaptation and mitigation into business practices, supply chains and investment decisions.

Considering the opportunities and challenges identified in the enabling environment and NDA capacity needs assessment (annex reports), there is need to enhance private sector's participation of in climate action in Eswatini. The term 'private sector' as used in this report refers to all actors that do not operate under state control and take part in commercial activities and they, therefore, include actors ranging from small-scale farmers to big corporations. The private sector in Eswatini is fairly small and dominated by Micro, Small Medium Enterprises (MSMEs) that operate in the agricultural sector (26%) specializing in crop cultivation followed by 11% of businesses in manufacturing (mainly maize, cotton, sugar and groundnuts derived products) and these are therefore considered key actors for engagement . The main organization representing the private sector is Business Eswatini, representing more than 80% of large businesses in Eswatini.

The private sector is key in developing the products and services needed by societies to become more climate-resilient, to move the country to a low carbon, and to finance directly or indirectly, and for various mitigation actions . Along this, Eswatini is actively considering the business case for the private sector to participate and invest in climate change and to access international climate finance through various processes and mechanisms including direct engagement, as implementing partners of climate change projects and programmes among others. It is therefore that this report aims to operationalise the findings and recommendations of the Private Sector Engagement Strategy through a roadmap spelling out actions that the Ministry of Tourism and Environmental

Affairs (MTEA) as the National Designated Authority (NDA) of the Green Climate Fund can follow in ensuring the involvement of private sector to climate actions in Eswatini.

1.1 Why private sector engagement is important?

Eswatini's development model shifted from private sector investment to public spending around 1995, leading to lower growth. The National Development Plan (2023/24 – 2027/28) calls for a return to a private sector-led investment growth model. As such, growth outcomes of real gross domestic product (GDP) averaged 6.7% between 1980 and 2000 and 3% between 2000 and 2019. This clearly shows that the current government led growth model is unsustainable as it crowds out private sector, shrinking its share of the market resulting in a narrow product base and lower revenues with fiscal crisis worsening. Government's active participation in the economy has to be relegated to an enabler with private sector taking the lead.

With current NDP, private sector-led growth is at the core of the developmental agenda, with private sector leading the path towards economic resurgence and the public sector following through with creating a favourable environment for businesses to flourish. Businesses that embrace climate-resilient practices and develop innovative solutions will be well-positioned to thrive in a changing environment. Businesses must build resilience towards climate change to ensure sustainability, including assisting in building resilience towards the larger communities to ensure supply of raw materials and demand for products. With the right opportunities private sector businesses including big companies, financial institutions and MSMEs can play a critical role to climate action through greening their supply chains, supporting society through investing in climate resilient innovative goods and services, and most importantly through mobilization of finances for climate action.

Furthermore, the private sector has a crucial role to play in Eswatini's response to climate change, mobilising green investments and implementing NDC actions. It is estimated that the cost of implementing NDC actions for Eswatini is between \$950 million - \$1.5 billion by 2030. The role of the private sector is therefore fundamental in supporting the mobilization of the required finances as public coffers are constrained to other equally important uses. Moreover,

actions of adapting to the impacts of climate change and mitigating the greenhouse gases produced are joint responsibility of both the public and private sector. Climate change demands a multifaceted approach. Businesses bring their commercial acumen and technical expertise to develop transformative solutions, while governments create an environment that encourages innovation through incentives and reduced barriers.

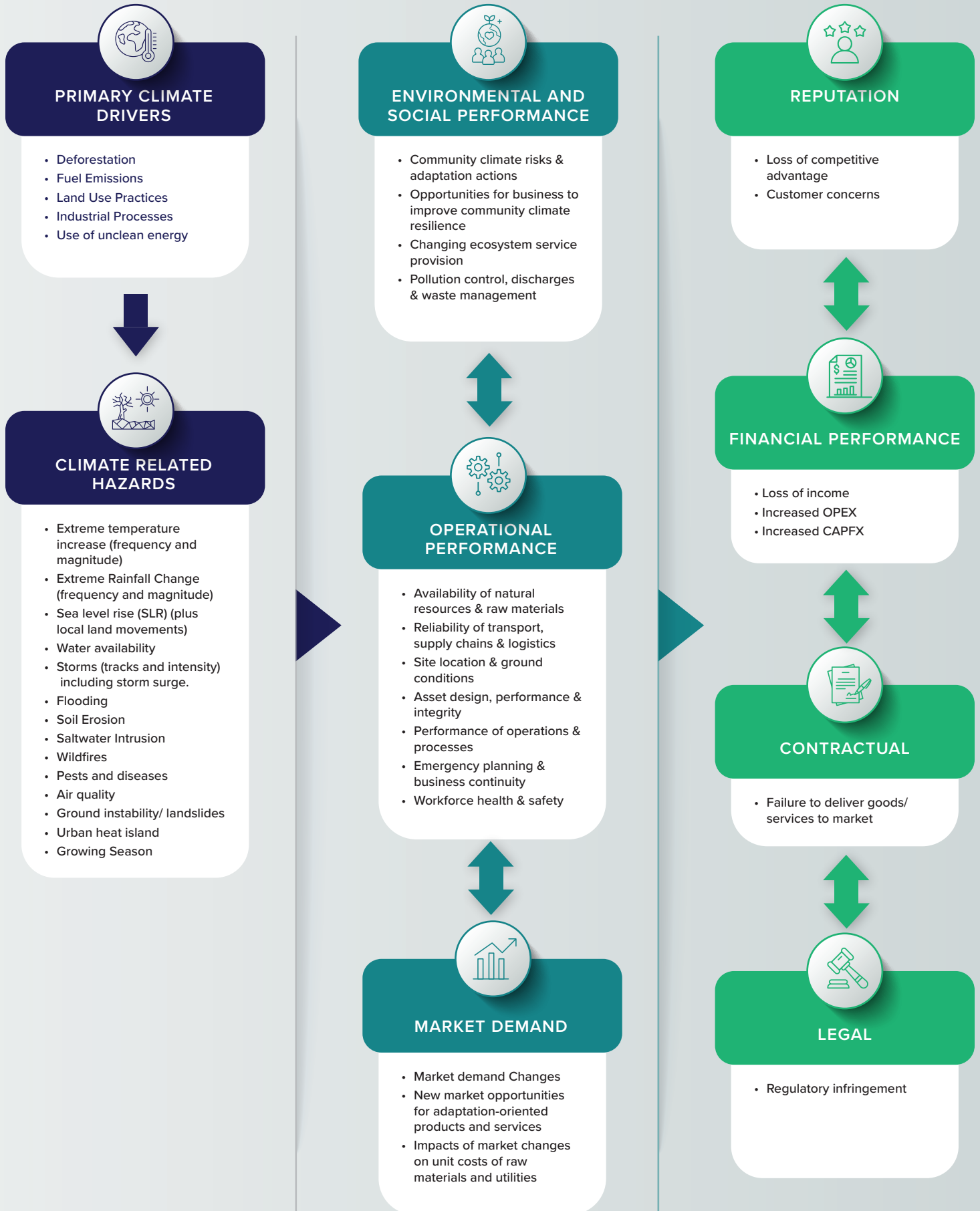
Climate change's impact on businesses is undeniable, creating a complex landscape of risks and opportunities, both direct and indirect. Navigating this requires a strategic approach to mitigate risks and capitalize on emerging opportunities. Figure 1 below shows some of the direct and indirect risks presented by climate change. On the risk side of the equation, climate change acts as a stressor, exacerbating existing risks (aging infrastructure equipment or water stress impacting production processes) while creating new transitional ones (such as shareholder or government pressure to report on carbon emissions). Business assets, operations and supply chains are at risk from climate change, which poses a threat to revenue and cost streams, hindering companies' profitability. The private sector is however no stranger to risk management or to innovation. The commercial rationale for engaging in climate-related activities is becoming increasingly clear to companies based on managing risks and harnessing opportunities.

As part of the Green Climate Fund (GCF) Readiness Programme for strengthening Eswatini's Institutional and Technical Capacity to Mobilize Gender-Responsive Climate Finance forms the basis of this roadmap. Developed with support from the Global Water Partnership Southern Africa (GWPSA), this roadmap outlines the actions the National Designated Authority (NDA) needs to take to accelerate private sector engagement in line with the recommendations of the Eswatini Private Sector Engagement Strategy in the 2021 NDC.

1.2 Scope of the report

The GCF and World Bank recommend that a stakeholder engagement plan should be developed based on the challenges, barriers and opportunities identified during an in-depth consultation process. The roadmap has been developed based on the outcomes of various initiatives such as the private sector stakeholder engagement workshops held on

FIGURE 1. Direct and indirect impacts of climate change on business (Source: Acclimatise Business Risk Pathways Model, 2016).



14 October 2022 and 23 June 2023, the assessment of NDA capacity to engage the private sector (Annex 2), the assessment of enabling environment for engaging private sector in Eswatini (Annex 3), and including the recommendations made by the Eswatini Private Sector Engagement Strategy in NDC (2021).

The strategy outlined several interventions, including sector-specific private sector strategies and investment plans, along with those directed towards the NDA (Nationally Determined Contribution) as detailed below.

1. Strengthen collaboration and co-ordination with the private sector.
2. Improve communication with the private sector.
3. Refining the regulatory framework.
4. Develop a country NDC investment plan for private sector intervention.
5. Improve private sector capacity to contribute to a stronger climate ambition.
6. Develop innovative financial and non-financial mechanisms to mobilise private sector investment.
7. Secure direct access to international climate funds for national and sub-national institutions.
8. Design and implement a climate finance monitoring system to track private sector climate-related spending.

This roadmap therefore had been developed to guide the NDA on actions needed to be undertaken to fulfil its role in enabling private sector engagement on climate actions in Eswatini.

1.3 Objectives

The primary objective of this study is to develop a roadmap for the NDA to catalyse and contribute to the implementation of the Private Sector Engagement Strategy in NDC Action. In addition, the roadmap will clearly outline a sustainable mechanism for continued engagement with private sector to enhance the role of the private sector in climate action in Eswatini. The roadmap therefore covers the following areas: Providing an enabling environment, enhancing awareness and technical capacity, mobilisation and engagement, and monitoring and reviewing progress. It also makes recommendations to enhance the enabling environment for private sector engagement through an inclusive and participatory process.

1.4 Approach and methodology

The development of this roadmap as outlined in the Terms of Reference, involved various methods and techniques. Stakeholder consultation and literature review formed the basis of this study.



2. The roadmap thematic areas

2.1 Roadmap context

Through the review of various documents including policy and regulatory frameworks, national and international reports, and publications as well as from stakeholder feedback, several interventions have been identified as key for the NDA, to engage the private sector. These will require the support of development partners, civil society and private actors to be strengthened in order to enable and incentivize the necessary level of private sector engagement in pursuit of adaptation and mitigation commitments listed in Eswatini's NDC. These mechanisms are considered important to address the barriers (informational, financial, technical and institutional) that commonly inhibit private sector engagement in adaptation and mitigation processes. Some emerging initiatives are targeting resilience in specific sectors through a value chain approach.

2.2 GCF Private Sector Facility

The Green Climate Fund (GCF) as the world's largest multilateral dedicated climate fund embarked on a mission to encourage private sector participation to climate action through establishing the Private Sector Facility (PSF). The PSF aims to engage both the local and global private sector actors to support climate change mitigation and adaptation projects in developing countries. The purpose of the PSF is to fund and mobilize private sector actors, including institutional investors, and leverage GCF's funds to encourage corporates to co-invest to unlock funding for high impact, transformative and innovative climate projects, and activities in developing countries. There is therefore the need for the private sector to also take advantage of such opportunities for meaningful contributions to the NDC actions in Eswatini.

The Facility seeks to support the private sector to engage in climate relevant actions through two alternative mechanisms that addresses the supply side (e.g. institutional investors investing funds) and the demand side (e.g. SMEs receiving funds). First, the facility seeks to mobilise funds at scale from institutional investors such as commercial banks,

investment funds, insurance companies, pension funds and sovereign wealth funds. To engage these actors the fund will develop a range of investable products from which institutional investors can benefit. Secondly, the facility aims to use public finance to work with local private entities particularly SMEs through its SME pilot programme. The PSF will issue a Request for Proposals (RFPs) to all accredited entities, both multilateral implementing entities (MIEs) and national implementing entities (NIEs).

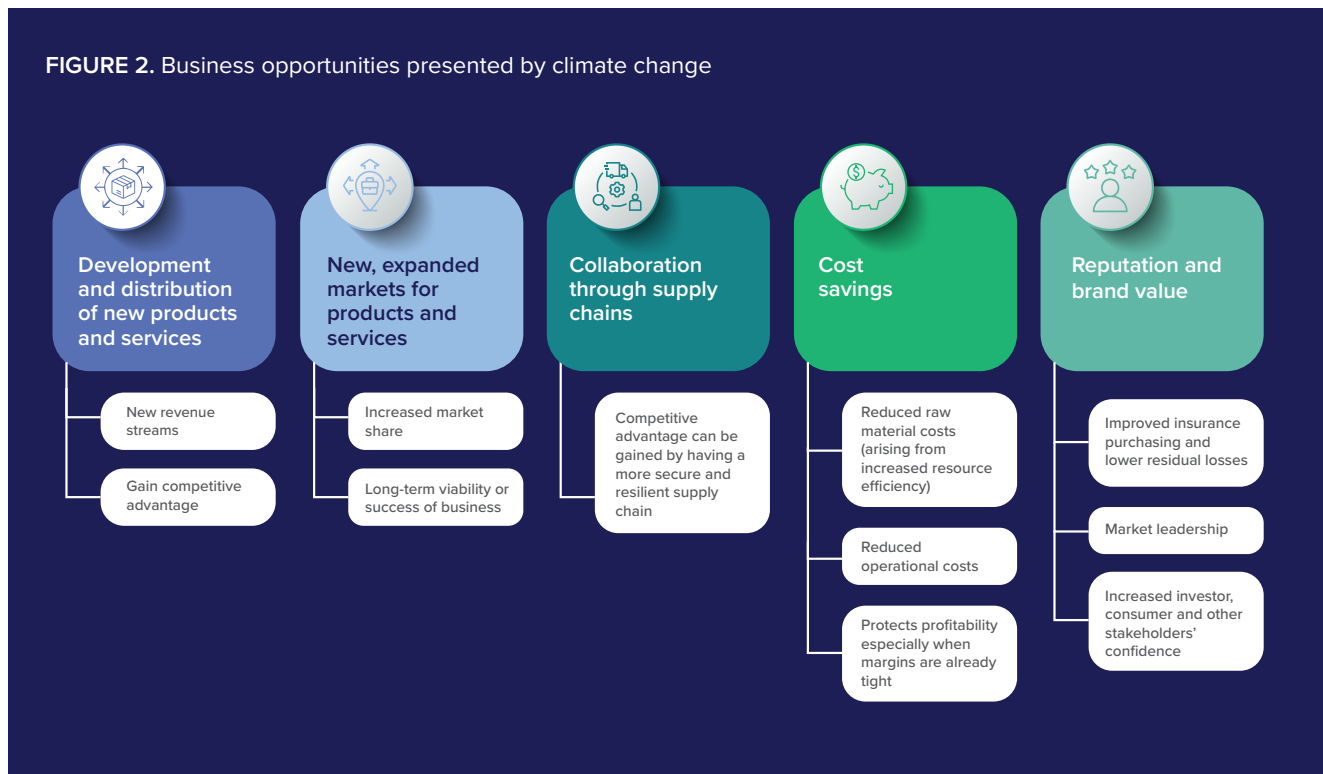
The GCF's PSF is therefore one of the key means to address the financial capacity challenges in Eswatini since the Facility has a dedicated financial window to mobilise and channel private capital and expertise at scale. In addition, the GCF provides debt, equity, guarantees, and grants via its Accredited Entities (AEs) including to de-risk investments, drive systemic transformation, scale small projects and bundle them into larger portfolios and to support capacity building initiatives. Part of private sector engagement in Eswatini therefore will require awareness of the private sector on how to access the GCF funds. Expanding climate finance accessibility for local, vulnerable communities requires a broader network of accredited entities, both public and private, at the national level.

2.3 Climate Change Opportunities for Private Actors

Climate impacts are already threatening private sector businesses particularly the MSMEs who provide essential goods and services which account for a larger share of the economy, employment, and income opportunities. These impacts drive organisations to manage the risks posed to their current business models and identify and capitalise on the opportunities that result from more indirect impacts, particularly in the market. To thrive in a changing climate, businesses must become more resilient, efficient, and innovative. This includes exploring new markets, particularly the growing demand for emissions reduction solutions. Figure 2 shows the primary types of business opportunities

presented by climate change. These opportunities apply to both activities that reduce greenhouse gas (GHG) emissions (in climate change parlance:

mitigation) or providing products/services that help manage climate risks and opportunities (adaptation).



The Private Sector Engagement Strategy and the deliberations held with the private sector during the two stakeholder workshop and consultations indicated that there exist several barriers such as the lack of bankable projects submitted to financial institutions, limited capacity to appraise climate action projects within financial institutions, limited knowledge on climate smart technologies, lack of financing products to meet the scale needed to achieve climate action goals, the lack of information, limited capital access to support investments and innovation that can generate profits while being green and inclusive, weak enabling environment with poorly targeted subsidies and poor alignment to Agenda 2030, among others.

On the other hand, climate action offers profitable opportunities for the private sector but also can help in climate proofing private investments from climate impacts. Some of these opportunities are listed below:

a) Agriculture sector:

- Providing access to technologies, products and services to communities (climate risk information and market information on mobile phones, risk insurance products, drought-resistant seeds).

- Investing in ecosystem-based adaptation (community-based woodlot management, sustainable forestry- based enterprises).
- Co-venturing with local communities in distribution/sales networks, diversified supply chains, access to finance,
- Conservation agriculture and the promotion of drip and micro irrigation technologies.

b) Energy sector:

- Participation of the private sector in the business of clean energy generation, transmission, and distribution.
- Installation of renewable energy infrastructure.
- Provision of energy efficient technologies.

c) Water sector:

- Opportunities for the private sector are around wetlands restoration.
- Protection and rainwater harvesting technologies.
- Provision of water efficient technologies and smart water use technologies (automated water control measures and decision support).

- Investments in large water harvesting infrastructure geared for multiple use.
- Institutional strengthening.

d) Infrastructure sector:

- Opportunities in Public-Private-Partnership in the infrastructure industry, including contract management, project implementation, operation and maintenance and government pays remunerates these services.

e) Green Climate Fund (GCF) - The GCF identifies certain focus areas for the GCF private sector strategy, including strengthening capacities, enabling climate transformation in key sectors, de-risking and addressing barriers for private sector engagement.

f) Green Bonds Markets - The growth of bond markets provides increasing opportunities to finance the implementation of the SDGs, climate commitments (NDCs) and other green growth projects.

g) Adaptation Benefit Mechanism (ABM) - The ABM is an innovative mechanism for mobilizing new and additional public and private sector finance for enhanced climate change adaptation action. ABM aims to de-risk and incentivize investments by facilitating payments for delivery of Adaptation Benefits. ABM will certify the social, economic and environmental benefits of adaptation activities.

2.4 Private sector engagement modalities

There is an opportunity for Eswatini to learn from other countries that have made efforts to engage private sector by considering the engagement models utilised. In Senegal for instance, the Adaptation Fund has supported private sectors actors that have participated in delivering certain projects and programmes as implementation partners e.g. infrastructure upgrades. On the other hand, partnerships with the private sector in fund management and delivery are becoming more common. For example, the International Finance Corporation (IFC) sought support from an international consultancy in scoping potential private sector led resilience activities in Zambia. These types of partnership can often enhance access to in country private sector stakeholders. This allows them to assess the economic viability of potential interventions, PPP

operational arrangements and potential resilience benefits.

The NDA therefore can explore the under listed modalities to engage the private sector in Eswatini:

- Engaging private sector as implementation partners of various projects e.g. infrastructure upgrades.
- Private sector partnerships in fund management and delivery.
- Targeting specific actors through a value-chain approach has the potential to build sector-wide resilience.
- Use of a specific instrument (e.g. credit guarantees, grants, etc) to attract private sector.
- Encouraging partnerships where private sector contributes to the climate action by providing support to the NDA's efforts through consultants and researchers.
- The sector can be engaged to provide co-financing for adaptation and mitigation projects where GCF provides concessional financing, adopting and rolling out measures to reduce private sector carbon footprint and as well as to provide clear adaptation benefits to identified vulnerable populations/segments of the economy/ecosystems, amongst other actions.

2.4.1 Summary of findings on NDA capacity to engage private sector.

The role of the NDA as linked to the private sector includes convening of National stakeholders, issuing nomination letters for private entities interested in direct access with the GCF, issuing no objection letter for private sector projects submitted to the fund. Projects seeking endorsement, including readiness support and those utilizing the GCF's private sector facility call for proposals, must first undergo a no-objection procedure to confirm alignment with national priorities and opportunities. The assessment of the NDA's capacity to engage the private sector revealed that the NDA has limited human resource capacity to engage with private sector actively and effectively. The NDA still requires building an in-depth capacity of the private sector, what the climate change

impacts presents for their businesses, their roles in the NDC and addressing the barriers private sector faces when making efforts to engage in climate action. This is because some of the consulted stakeholders mentioned that they do not know anything about the NDA.

- In order to hold continuous and frequent engagements with the private sector, the NDA requires financial support towards holding meetings with private sector, preferably in their board rooms to support them with planning their climate action.
- Having an accredited entity in the country will allow private sector to engage with such closely, making applying for GCF funds much easier for the private sector. A local accredited entity will be better positioned understand the local climate finance landscape and needs of the private sector. Local private sector have not yet accessed the Development Bank of Southern Africa (DBSA) funds mainly due to lack of information on its existence and capacity to develop proposals.
- However, there exists low appetite and capacity for national institutions to become accredited due to several challenges that include the GCF accreditation process which requires a lot of documentation, several policies to be in place and other requirements, which local institutions may not have.

2.4.2 Summary of findings on assessing the enabling environment for private sector participation in Eswatini

The MSME Policy (2018), the Procurement Act (2011), and other related instruments were analysed for their strengths and weaknesses in promoting private sector engagement in climate action. The findings underscore the need for addressing the shortcomings identified in the enabling environment document to unlock the sector's full potential. There is a need for government to provide financial support programmes that buffer risks, initiatives may include tax breaks during periods of significant private sector investments (i.e. renewable energy projects that are key for the country to achieve net zero emissions), tax breaks, feed-in tariffs, public-private partnerships, financing to

value chain actors through grants, concessional debt, etc. The Government should ensure the availability of co-financing for proposed climate resilient/ climate change projects. There should be enabling legislation for developing and implementing financial products that are climate change oriented. It is important that the commodity levies be collected and disbursed/ remitted to the relevant private sector supply chain industries of the country, and not just be used to enhance the financial position of the collecting institutions.

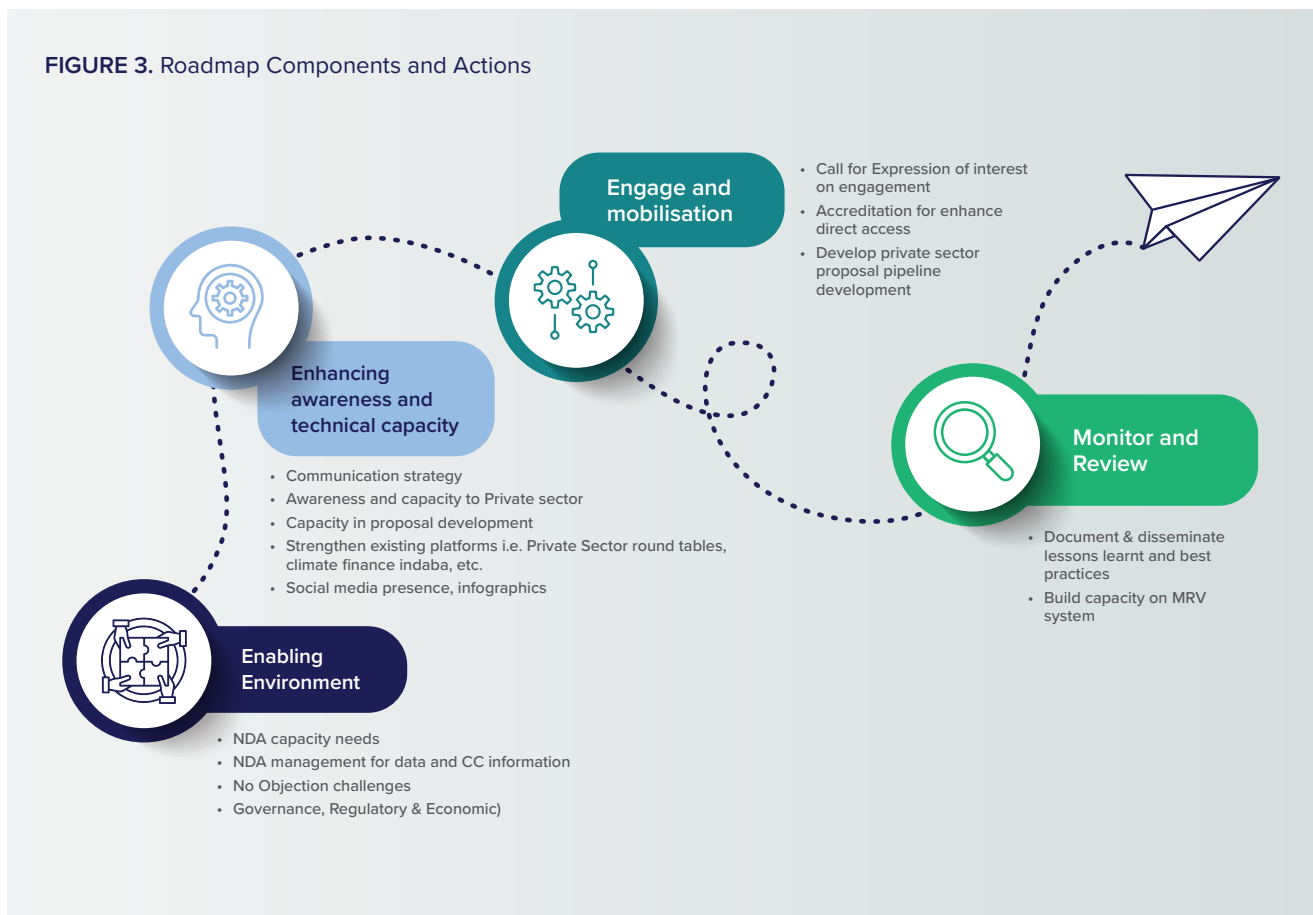
2.4.3 Summary of outcomes of the Private sector consultation workshop

Participants from the private sector called for a reframing of the climate change narrative to highlight its relevance to business opportunities and long-term sustainability. To enhance private sector engagement, the NDA can organize sector-specific forums where businesses can access firsthand information on climate change and its impact on their industries. The currently utilised engagement modalities may not be the best mechanisms to engage the private sector. The suggestion therefore is for the NDA to visit these institutions at their space of operations rather than to invite them to come to meetings. In addition, private sector players mentioned that they currently do not have technical knowledge and understanding of climate change thus they need capacity building sessions coordinated by the NDA. With the knowledge they will acquire from such capacity building initiatives they will be better positioned to develop, present and defend viable and bankable business cases.

2.4.4 Contextualising the Roadmap measures to be undertaken by the NDA

Considering the opportunities and challenges identified from the assessment of the NDA's capacity, the assessment of enabling environment and the private sector stakeholder workshop feedback, several actions and measures have been identified as key for the NDA to undertake in pursuit of effective private sector engagement. The roadmap proposes four related dimensions to be followed to enhance private sector participation as shown below in Figure 3:

FIGURE 3. Roadmap Components and Actions



2.4.4.1 Enabling the Environment

Ensuring that the environment is enabled for effective private sector participation is critical.

Key to the successful engagement of the private sector by the NDA is good governance and coordination among sectors, different stakeholders and government. This can be advanced through operationalising the National Climate Change Committee (NCCC) and its subsidiary technical working groups, and to ensure that they include representatives from different private sector actors. This will facilitate coordination, collaboration and knowledge sharing among various stakeholders, as well as provide a platform for advocacy and policy dialogue. Strengthening climate governance has the potential to help bring together private, public, and civil society actors to incorporate climate change considerations into their decision-making and encourage multi-stakeholder partnerships and collaborations. Such cross-sectoral collaboration is imperative if the private sector is to be engaged and as well as in pushing forward the climate agenda for Eswatini. With the on-going consultation exercise of the National Climate Change Bill, to be enacted soon, opportunities for strengthened coordination and

collaboration seized through the existing coordination structures such as the NCCC, and technical working groups / multi-disciplinary teams.

Another important action is to create a conducive environment for private sector participation by providing economic incentives that can stimulate investment and innovation in low-carbon and climate-resilient technologies and practices. Such incentives may include tax breaks, emission taxes/fees, innovative financing instruments, partial loan guarantees, interest rate subsidies, and others. To maximize impact, incentives for climate action should be transparent, consistently applied, and efficiently administered, ensuring alignment with national climate goals. Furthermore, to ensure an enabled environment, climate change should be integrated into the existing laws, policies, regulations and standards that govern the private sector activities, and to ensure their consistency and coherence across different levels of governance. This will help to mainstream climate change into the private sector decision-making processes, as well as to enhance compliance and accountability. Moreover, it will create a level playing field for all private sector actors and avoid market distortions. Another key action is to make

climate change vulnerability assessment mandatory for businesses, especially those that operate in sectors that are highly exposed or sensitive to the impacts of climate change. This will help to identify the risks and opportunities associated with climate change, as well as to develop and implement appropriate adaptation and mitigation measures. It will also enable the private sector to access relevant information, data and tools that can support their climate action.

2.4.4.2 Enhancing Awareness and Technical Capacity

Effective and sustained coordination among stakeholders requires building their capacity. As the saying goes, ‘you can’t manage what you don’t know,’ and the same applies to engagement. Therefore, a crucial first step is to identify key private sector stakeholders in each relevant sector through a comprehensive mapping exercise. This will then be followed with creating awareness and capacity-building relative to climate change particularly in relation to the implementation of Eswatini’s NDC. Improved understanding of climate risks and associated impacts to current development efforts is also important for private sector in their operations. Methodical dissemination of bundled information on climate-related risks and guidance on capitalizing on associated opportunities is critical to securing the interest of the private sector while simultaneously equipping them with the necessary knowledge and tools to cope with the changing climate. Therefore, raising awareness while enhancing capacities of all relevant actors including the private sector is highly necessary. To further enable this, a climate change information management system for curation and storing of climate related data will need to be established. This has the potential to equip even the private sector in identifying new business opportunities and assessing risks for their businesses to climate change.

From the literature survey and stakeholder consultations, the findings reflect that a range of critical capacities and skills are limited or lacking. The financial institutions should be amongst the first stakeholders to be convened for capacity building on their roles in climate action. It is also important that the capacity of the NDA secretariate is strengthened through engagement of additional human capital to support the current personnel. Another key intervention for the NDA is capacity building for specialised

technical competencies within the NDA secretariate in preparation for an enhanced engagement with the private sector. Strengthening of staffing capacities of the NDA secretariate and technical capacities related to environmental social safeguards, ESG, fiduciary standards and others is necessary. It is important that existing dialogue platforms like Eswatini Green Indaba, private sector roundtables and others are strengthened to provide meaningful and effective exchanges. These platforms are critical in improving the in creating the much-needed awareness and a platform to improve regulatory environment.

2.4.4.3 Mobilisation and Engagement

A critical step towards realizing the roadmap is to actively engage and mobilize the private sector. Mobilising and engaging with the private sector possess the potential to expanding the pool of available financing for climate-related projects and opportunities to leverage risk sharing mechanisms to increase viability at the project level. This will include access to dedicated funds (international and in some cases national), multilateral and bilateral development institutions, and strategic private investors (such as pension funds), as well as non-governmental and philanthropic organizations that are committed to investing in climate mitigation and adaptation efforts. It is important that engagements are made based on expressed interest by the private sector actors on how they would want to participate in climate actions. Effectively, this will be conducted through making a call for Expression of Interest specifically for private sector engagement in climate action. Some of the actions of this stage will include:

- Conduct a private sector stakeholder mapping exercise Undertake a private sector mapping exercise and sectoral prioritization.
- Establish which private sector actors are interested in further engaging with the NDA through a call for expression to get clarity on which private sector entities are interested in further engagements with the NDA and modalities of engagement to support the NDC actions.
- Provide necessary interventions to private sectors who have indicated interest through capacity building and development of a private sector led project pipeline.

- Enhance the risk appetite of domestic financial institutions through using a wider range of risk-mitigating instruments such as guarantees, insurance, credit enhancement mechanisms, etc. and risk capital to help unlock investments.
- Strengthen support for project identification and development for strong pipeline of bankable projects to attract public and private climate finance.
- Train private sector on how to establish public-private partnerships projects.

2.4.4.4 Monitoring and Reviewing

Private sector businesses and interests need to be aligned with sustainable development objectives which include NDCs. This stage aims to underline the

importance of monitoring, reviewing and reporting engagement progress, activities and partnerships involving the private sector for accountability, learning and communication purposes. The indicators in the NDC implementation plan will serve as critical tools to monitor and review engagements with the private sector. If some private sector stakeholders are not engaged effectively, this stage enables the gaps to be identified and engagements conducted accordingly. Two key activities are important here and these are as follows:

- Develop an MRV system to guide engagements with the private sector and build capacity of the private sector on this system.
- Document, analyse and disseminate successes and lessons learnt on engaging with the private sector to inform continued engagements.



Category	Actions	Priority Level	Timeframe	Key Partners
1. Provide enabling Environment for private sector engagement	Develop strong partnerships with business associations and standards bodies that represent the private sector e.g. Business Eswatini, FESBIC	High	Immediate	MTEA, Business Eswatini, Federation of Eswatini Business Community
	Strengthen Legal framework through integration of climate change considerations to laws, policies, regulations standards	High	Immediate	MTEA, Sectoral focal points
	Strengthen institutional arrangements for private sector engagement including operationalising the NCCC and include private sector representatives in its technical working groups	Medium	Immediate	MTEA, Business Eswatini, Federation of Eswatini Business Community
	Integrate climate considerations into public procurement policies; this provides an immediate market opportunity for the private sector, thus stimulating the development of products and services that contribute to climate action	Medium	Medium	MTEA, ESPPRA, ERS, Financial Services
	Support the development of the capital market and capacity of financial service providers to develop longer term financial products. This will allow private actors to pursue more long-term goals, including investment in Climate action	High	Immediate	MTEA, MEPD, MITC, FSRA, Eswatini Banking Industry
	Engage with relevant partners to create a conducive environment for private sector participation through provision of economic incentives like tax breaks, emission taxes/fees, innovative financing instruments, partial loan guarantees, interest rate subsidies, and others.	High	Medium term	MoF, Central Bank, MTEA MoCIT, ERS, Commercial Banks
	Enforce environmental audit assessment and review regulations on application of strategic environmental assessment on bills, policies, strategies, plans etc.	Medium	Long term	MTEA, EEA, PPCU, AG's Office
	Engage with private sector and all parties concerned to encourage private sector to adopt ESG standards.	Medium	Medium term to long-term	MoCIT, SWASA, Business Eswatini
2. Enhancing Awareness and Technical Capacity	Undertake a private sector mapping exercise and sectoral prioritization to assess gaps and needs	High	Immediate	MTEA, Sectoral focal points, UN Agencies
	Strengthen of staffing capacities of the NDA secretariate and technical capacities related to environmental social safeguards, ESG, carbon trading, fiduciary standards, and others.	High	Immediate	Ministry of Labour and Social Security, MTEA
	Build capacity for the NDA, sector institutions and private sector on the no objection procedure process to be followed when developing funding proposals.	Medium	Immediate	MTEA, Sectoral Ministries, Private Sector.
	Raise awareness on how to access climate finance including GCF resources and how the private sector can be part of it, e.g. accredited entity, executing entity, partner, private consultant linked to proposal development, analysis, capacity developments, technology development and transfer.	High	Immediate to medium term	MTEA, Development Partners
	Raise awareness on the roles of the private sector in NDC actions and the opportunities for the private sector in climate finance.	High	Medium term	MTEA, Sector focal points, Development Partners
	Develop a communication strategy of the NDA to adopt a programmatic approach in engaging the private sector actors.	High	Medium term	MTEA, Development Partners
Train government and private sector on how to establish public-private partnerships (PPP) projects including developing models / modalities for engagement.	High	Medium Term	MoCIT, MEPD, Business Eswatini, UN Agencies, MTEA	

Category	Actions	Priority Level	Timeframe	Key Partners
2. Enhancing Awareness and Technical Capacity (continued)	Strengthen existing dialogue platforms like Eswatini Green Indaba, private sector roundtables and others to provide meaningful and effective exchanges. These kind of dialogue platforms are critical in improving the regulatory environment.	High	Immediate to medium term	MCIT, MoF, Business Eswatini, SNG
	Disseminate to the public information on climate risks and the associated impacts as well as opportunities that can be reaped from the changing climate. Infographics, social media campaigns, training courses, workshops, toolkits, online resources and public figures appointed as ambassadors in combating climate change can also further enhance outreach and effectiveness.	High	Medium term	MTEA, UNESWA, ESEPARC, MICT
	Create awareness and capacitate private sector stakeholders on how to prepare GCF proposals and accessing direct access or accreditation. This is particularly to ensure that all potential private funds can be blended and sequenced with GCF resources as co-funding potential	High	Medium term	MTEA, Business Eswatini
3. Mobilisation and Engagement	Establish which private sector actors are interested in further engaging with the NDA through a call for expression on which private sector entities are interested in further engagements with the NDA and modalities of engagement to support the NDC actions.	Medium	Medium term	MTEA, Business Eswatini
	Engage the relevant partners in particular finance sector to provide a wide range of financing instruments including risk mitigating instruments to unlock private sector investments	Medium	Immediate to medium term	MTEA, UN Agencies, Central bank, MoF
	Operationalise Public Private Partnerships (PPPs) models through engaging with private sector actors	Low	Medium term	MTEA, UN Agencies, MCIT, Business Eswatini
	Develop a private sector led strong pipeline of bankable projects to attract public and private climate finance.	High	Medium term	Private sector actors
	Develop a platform for interested businesses to lobby government to enact policy reforms to create a more enabling environment for private investment in climate related activities.	Medium	Medium term	MTEA, Business Eswatini, FESBIC
	Provide non-financial incentives/recognition, such as green label and climate resilience certification, to financial institutions for developing climate-related financial products. This can also include establishing private sector-led centres of excellence for climate change mitigation, adaptation, and climate technologies	Medium	Medium term	MTEA, MEPD, Sectoral focal points, Development Partners
	4. Monitoring and reviewing	Develop a climate change information management system for the NDA to improve the curation and storing climate change related data and information.	High	Short term
Design and implement a climate finance monitoring system to track private sector climate-related spending		Medium	Medium term	MoF, MTEA, Business Eswatini
Develop an MRV system to guide engagements with the private sector and build capacity of the private sector on this system.		High	Medium to long-term	MTEA, MEPD, MoICT
Document, analyse and disseminate successes and lessons learnt on engaging with the private sector to inform continued engagements.		High	Medium to long-term	MTEA, Sectoral Focal Points

3. Conclusion and recommendations

3.1 Conclusion

As Eswatini is making moves towards a just transition to a net zero emission economy and adapt to the effects of a changing climate, a process requires the active participation of the various stakeholders and particularly the private sector. To encourage scaled-up investment by the private sector in climate-related activities, certain barriers require to be addressed, including limited information, lack of access to finance, capacity constraints, weak policy and regulatory frameworks, negative perceptions of private sector on climate action benefits, amongst other issues. Importantly, de-risking and incentivising have been highlighted across all sectors as key in promoting private sector participation in the climate agenda of Eswatini.

This roadmap has been developed to guide the NDA in Eswatini to effectively engage the private sector. The NDA has the responsibility to implement this roadmap, and this will require that the NDA's capacity is strengthened where needed either directly by engaging staff personnel and indirectly through deploying international consultants and as well as through the revitalisation of existing coordinating structures such as the NCCC, sector focal points, and MDTs / TWGs. For Eswatini to effectively engage the private sector, various engagement models need to be tried and tested based on lessons learnt from other countries and funding mechanisms. Some of the models include:

- Engaging private sector as implementation partners of various projects e.g. infrastructure upgrades.
- Private sector partnerships in fund management and delivery.
- The private sector contributing to climate action through professional services like consultancies and research.
- The sector can be engaged to provide co-financing for adaptation and mitigation projects where GCF provides concessional financing.

- Adopting measures to reduce private sector carbon footprint and as well as to provide clear adaptation benefits to identified vulnerable populations/segments of the economy/ecosystems, amongst other actions.

The roadmap is envisaged to be rolled out over a three-year period and needs to be reviewed after one year for necessary update. The basis of this roadmap is that effective private sector participation will only be realised through engaging the different business entities at appropriate levels, ensuring applicable policy and regulatory framework, effective governance and co-ordination mechanisms, awareness raising and capacity building on climate-business interactions. It is important to note that engaging the private sector is a means to achieve a goal, not the goal in itself. Effective private sector participation will require an environment that has facilitative norms, policies, regulations and infrastructure. The NDA needs to take into consideration that a flexible portfolio of private sector engagement mechanisms is required as not all formats of engagement will work with all types of private enterprises.

3.2 Recommendations

- Raise awareness on the role of the private sector in climate actions to key mandated institutions for the private sector in Eswatini. This includes sensitization of the entire NDA, the respective sector lead institutions especially the Ministry of Finance, Ministry of Economic Planning and Development, Agriculture, and other key sectors. It is important that the NDA raises awareness of the private sector on GCF processes. This would result in a private sector that is aware of GCF processes and requirements to access climate finance.
- Engage with financial sector stakeholders and institutions to build capacities on how climate change related projects can be financed, capacity and knowledge of the adequate financial and investment terminology, various financing

instruments, understanding of constraints faced by investors, knowledge of financial and non-financial mechanisms available to reduce risks and increase the financial viability of projects for the private sector.

- The NDA to organize a call for Expression of Interest to the private sector to establish interest on climate action participation. This call would have to be disseminated through various media platforms to gain wider attention. From the expression of interest, the NDA will also establish the engagement modalities.
- Strengthen (existing) platforms for private sector dialogue. The annual Green Indaba and business roundtables are some platforms which will need to be strengthened and replicated to different forms to ensure private sector is engaged. The success of this intervention will require the NDA to facilitate the revival of the appropriate climate related institutional structures including the NCCC, MDTs and TWGs.
- Costing this roadmap by providing accurate information on the scale, and scope of investment, covering the resourcing needs for each thematic area per sector. Cost data should include upfront capital costs, maintenance and operational costs as well as other incremental costs such as awareness raising, capacity building, training, research, information, communication, etc.
- Application for Readiness Grant to support the implementation of this Roadmap to GCF and other climate funding sources.

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