THE GREEN FUND

What is the Green Fund?
The Green Fund is a national fund aimed at supporting South Africa's transition towards a green economy. The vision of the Green Fund is to “provide catalytic finance to facilitate investment in green initiatives.” The Development Bank of Southern Africa (DBSA) has been appointed as the implementing agent for the Fund under the auspices of the - the Department of Environmental Affairs (DEA) and National Treasury.

What is a Green Economy?
The United Nations Environment Programme (UNEP) defines the green economy as one that results in “improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities.” The South African government has initiated a range of strategic policy imperatives to accelerate the entrenchment of green approaches in the development process and thus aid South Africa in lowering its carbon footprint and shifting to a green economy. The Green Fund is one of the key initiatives which have emerged from this national policy framework.

Goals of the Green Fund
To support initiatives contributing to South Africa's transition to a low carbon, resource efficient and climate resilient development path delivering high impact economic, environmental and social benefits. The Fund will respond to market weaknesses currently hampering the transition to a green economy by:

- Promoting innovative and high impact green programmes and projects;
- Reinforcing sustainable development objectives through green interventions;
- Building an evidence base for the expansion of the green economy; and
- Attracting additional resources to support South Africa's green economy development.

Funding Windows
The Green Fund is currently considering opportunities within the following three funding windows, which reflect policy priorities and focus on sectors promising high impact and potential for scale up:
1. **Green Cities and Towns**: focus areas such as greening core municipal infrastructure, sustainable built environment and integrated planning for climate resilient cities;

2. **Low Carbon Economy**: including cleaner production, energy efficiency, renewable energy and alternative fuels; and

3. **Natural Resource Management**: focusing on investment in ecosystem services, sustainable agriculture and rural adaptation models.

**Recipients**
The potential applicants and investees of the Green Fund are drawn from the private sector as well as the public sector. Private sector applicants typically include small to medium sized companies and large corporates. Public sector applicants include municipalities, state owned enterprises and higher education institutions.

**Eligibility Criteria**
Eligibility criteria used in considering applications for funding includes:

- **Relevance** to the priority areas of the Green Fund.
- **Innovation** in technology, business model, institutional arrangement or financing approach.
- **Additionality**, in that the project would not have proceeded without Green Fund support.
- **Ability to scale up** and/or replicability by which the project has the potential to be rolled-out to other sites and/or implemented at a large scale.

One of the key tenets of the Green Fund’s investment philosophy is to actively seek out and support impact focused green economy ventures promising sustainable economic activity with tangible social and environmental outcomes.

**Financial Instruments**
The Green Fund’s role is that of a catalyst in the transition towards a green economy, as such it seeks to unlock barriers and bridge gaps, wherever they exist along the innovation value chain. The Fund will thus provide appropriate financial and other support to various entities in both the private and public
sectors engaged in green economic activities from early stage research and development right through to the project expansion phase.

Financial support is provided through a holistic investment assessment, due diligence, and investment decision making process. Pertinent and venture specific insights related to aspects such as stage of development, investment risk, market opportunity and participants involved, would inform financial instrument choices, combinations and investment terms.

Financial support may take the form of:

- Grants (recoverable and non-recoverable)
- Loans (concessional rates and terms)
- Equity

**Strategic Partnerships**

The Green Fund also aims to attract potential foreign investment and additional national investments into the greening of the South African economy which will complement existing fiscal support. Therefore the fund actively seeks international and local partners from the private and public sectors that are interested in partnering through suitable financial and non-financial mechanisms.

**For more information, contact:**

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