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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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REPORT HIGHLIGHTS KEY STEPS TO STRENGTHEN SOUTH AFRICA'S GREEN FINANCE TAXONOMY

A technical report called [Assessing International Interoperability and Usability of the South African Green Finance Taxonomy](#), was published today by the Climate Policy Initiative and GreenCape. It highlights how South Africa's Green Finance Taxonomy (SA GFT) can improve international alignment and interoperability while also addressing usability challenges. The report, prepared for the South African National Treasury, provides important recommendations to ensure that the SA GFT remains a globally competitive framework for sustainable finance.

As climate finance flows increase, seamless cross-border investments are crucial to achieving national and global net zero targets. The SA GFT aligns well with international alignment, covering broad environmental objectives and economic sectors, particularly in climate change mitigation, reinforcing its compatibility with global taxonomies and the Paris Agreement.

However, there are still some usability and adoption challenges. Key amongst them are issues with the Do No Significant Harm (DNSH) and Minimum Social Safeguards (MSS) pillars. Addressing these concerns requires clear guidelines, stronger governance, and improved processes.

Key findings and recommendations:

- **Balance international interoperability with localisation:** Incorporate elements such as specific sectoral activities, and metrics tailored to South Africa's sustainability challenges and opportunities.
- **Improving usability and implementation:** Provide clearer guidance on Do No Significant Harm (DNSH) and Minimum Social Safeguards (MSS) compliance to support adoption by providing quantitative thresholds, clearly referencing domestic regulations and standards and providing reporting guidelines.
- **Standardising disclosure frameworks:** Develop common metrics that align with widely recognised sustainability reporting frameworks for transparency and market confidence.
- **Fostering collaboration:** As one of the earliest adopters of a sustainable finance taxonomy and the first in Africa, South Africa is well positioned to advance interoperability



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efforts between taxonomies, particularly in areas where it has already set robust technical screening criteria.

- The report highlights South Africa's commitment to strengthening its green finance landscape, and by implementing these recommendations, the SA GFT can help position South Africa as a leader in sustainable finance.

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