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An inclusive ecotourism green finance funding model for South Africa

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by

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ABSTRACT

Climate change is occurring at a fast pace, and GHG emissions have already been locked in for future negative impacts. Marginalised communities bear the disproportionate burden of adapting to the negative impacts of climate change, due to unemployment and the lack of access to basic infrastructure. Addressing the negative impacts of climate change, and transitioning marginalised communities to climate change resilience, requires long-term sustainable commitments and community inclusion in industry projects. However, literature presumes a dichotomy between local community inclusion and the financial sustainability of the underlying project.

South Africa has one of the most unequal societies in the world, due to labour income being vastly unequal among the various communities. In addition, the country is faced with a poor sovereign credit rating, which results in expensive traditional funding mechanisms, and a dearth of concessional green finance. Large sectors, such as energy and tourism, which contribute to significant GHG emissions, have not been investigated adequately for rapid decarbonisation in a sustainable local community inclusive approach. Consequently, this current research explores the incentives needed to stimulate the financial services sector to invest in sustainable green projects.

A qualitative case study was conducted to determine how South Africa could be accelerated to a low carbon economy, through the lens of ecotourism or the energy sector. Interviews were conducted with experienced deal makers from 3 different financial services organisations involved in the energy and tourism sectors. The findings of this current research revealed that global actors with good sovereign credit ratings can provide largescale concessional green finance to de-risk projects, and create an enabling environment for local community inclusion. Additionally, cross sectorial collaborations enable a rapid decarbonisation of the ecotourism sector; however, energy demands far outstrip the available energy supply, making it challenging to decarbonise the energy sector. The findings also revealed a misalignment between global, national, and financial services actors to stimulate and incentivise investments in sustainable green projects, caused by competing objectives.

LIST OF ABBREVIATIONS

BEE – Black Economic Empowerment

C&I – Commercial and Industrial

CAGR – Compound Annual Growth Rate

CCCF – County Climate Change Fund

COP 26 – 26th Conference of Parties

COVID-19 – Coronavirus Disease 2019

CSIR – Council for Scientific and Industrial Research

DBSA – Development Bank of Southern Africa

DFFE – Department of Forestry, Fisheries, Environment

DFI – Development Finance Institution

EC – European Commission

EIB – European Investment Bank

EP – Energy Participant

EU – European Union

G7 – Group of 7 Intergovernmental Political Forum

GCF – Green Climate Finance

GHG – Greenhouse gas

GTIP – Green Tourism Inventive Programme

IDC – Industrial Development Corporation

IPP – Independent Power Producer

JET – Just Energy Transition

KfW – Kreditanstalt für Wiederaufbau Development Bank

KPI – Key Performance Indicators

MTN – Mobile Telecommunication Networks Group Limited

NCFF – National Capital Financing Facility

PIC – Public Investment Corporation

QCA – Qualitative Comparative Analysis

REC – Rewild Europe Capital

REIPPP – Renewable Energy Integrated Power Producer Programme

RFP – Request for proposal

SANParks – South African National Parks

SDG – Sustainable Development Goals

SME – Small Medium Enterprises

TBL – Triple Bottom Line

TP – Tourism Participant

UNCG – United Nations Climate Change

UNFCCC – United Nations Framework Convention on Climate Change

WEF – World Economic Forum

CHAPTER ONE

INTRODUCTION

1.1. Introduction

The sustainability of the environmental ecosystem, which integrates decarbonisation, presents challenges for most countries, as it requires cross-sectorial institutional collaborations on policies and actions (Whitehorn et al., 2019). To ensure a sustainable inclusive green economy, with active participation from a wider stakeholder group, including community members, a robust funding framework is required. The purpose of this current study was to examine, critically, synergies that could be derived from pairing Ecotourism with Green Finance compared to other sectors of the economy such as energy. In this report, the researcher investigates whether this relationship could produce favourable outcomes of a sustainable inclusive economy, which embraces community embeddedness. Financial services unlocking of financing mechanisms, suitable for this objective, therefore, needs to be investigated.

A study by Glocker and Haxton (2020) reveal that humanity runs the risk of cultural heritage loss, as well as the depletion of environmental assets, due to evolving modern technologies. Local community involvement in projects, therefore, needs to be explored, to determine whether it could lead to a sustainable inclusiveness. The development finance challenge, highlighted by this current research, involves the climate change inequalities faced by communities that are surrounded by rich natural capital. These marginalised communities are vulnerable to climate change, as they do not have adequate resources to deal with the growing negative impacts of climate change, and lack access to basic infrastructure (Glocker & Haxton, 2020). The onslaught of the COVID-19 pandemic decimated the Tourism sector, because of travel restrictions imposed by various governments, in efforts to combat the spread of the Corona Virus (Fitch Solutions, 2021). This requires a game changer, as well as a new world order for the Tourism sector's investment philosophy, thereby advocating for the sector to rethink its approach to inclusiveness and socioeconomics.

Additionally, the 26th Conference of Parties [COP26] summit, held in 2021, championed for financing mechanisms to be redeveloped, to enable countries to deliver on their climate change goals, and lead the way in decarbonisation (United Nations Framework Convention on Climate

Change [UNFCCC], 2021). Developing countries are under duress to stimulate economic growth that is inclusive to all its communities, and encourages nature-based solutions, to promote climate change resilience for all. The financial services sector should explore innovative finance solutions that could be allocated to environmental assets, as well as culture and heritage, to preserve their well-being and sustainability. However, this sector is challenged with the unlocking of green finance, due to the complexity of finding suitable environmentally friendly projects (Clark, 2016). Green finance has concessional interest rates passed on to investors by the financial services sector; however, it provides low returns to financiers, and fails to achieve an inclusive green economy that embraces community involvement (Scholtens, 2011).

In contrast, traditional finance mechanisms are associated with high returns to financiers, making them an attractive source of funding framework (Nagano, 2016). In addition, traditional finance has not achieved inclusiveness, or uplifted communities in projects financed (Mosquera-Laverde et al., 2018). The authors mentioned that traditional finance used for ecotourism development failed to use natural resources from the project development location to benefit the local communities. From this perspective, this presents traditional finance looking at financial returns and not integrating socioeconomics of local communities. This presents a research opportunity to debate whether green finance and traditional finance have the ability to enable a socio-economic landscape that embraces inclusiveness and community involvement. However, the funding mechanism needs to be sustainable, to ensure the long-term impact of local community inclusiveness, or else, it could be a short-term gain, and reverse earlier socio-economic gains (Cubas-Díaz & Sedano, 2018).

According to a report by World in Data (Ritchie & Rosado, 2017), renewable energy solutions have not been sustainable in driving the global economy to decarbonisation, particularly in South Africa. According to the report, renewables are not the tool for the rapid action of transitioning, which will ensure that the income gap and social inequalities are mitigated. Additionally, a Just Energy Transition (JET) pledge, announced at COP26, situates funding for renewables, destined to achieve a clean energy transition (UNFCCC, 2021). However, this does not articulate, nor does it make provisions for achieving inclusiveness and uplifting communities. Many actors have interpreted a clean energy transition as the decarbonisation of the energy sector, aimed at transforming coal-fired power plants into clean energy solutions (Makgetla & Patel, 2021). This neglects other sectors of the economy, such as ecotourism, and

presents renewables as unsustainable for the broader economy, to bridge the income and social gaps, and achieve an inclusive green economy, which embraces local communities. Renewables, consequently, are not perceived as an effective tool to unlock the ecotourism sector, despite receiving substantial focus and attention.

The word, *ecotourism*, is a compound noun, formed by two words, *eco* and *tourism*, which introduces a different meaning, than the two separate words (Education First, 2021). For a compound noun, the first word, *eco*, denotes the type of object or its purpose, while the second word, *tourism*, identifies the object. Many perceive *ecotourism* as an oxymoron, because of the eco part being linked to environmental friendliness and sustainability. Conversely, *tourism* involves travel, associated with tourist arrivals via diverse transportation modes, namely air, road, or sea. All these transportation modes generate activities that harm the environment (Responsible Travel, 2023); consequently, *ecotourism* represents a contrasting idea. In this study, therefore, the researcher aims to remove the stigma that the tourism sector contributes to Greenhouse Gas [GHG] emissions, by exploring how the sector could be decarbonised. Ecotourism in the context of this research pertains to hotel development incorporating other sectors such as green building for the construction of the hotel, water and energy efficiency of the hotel, and environmentally friendly waste management process.

Tourism involves many international arrivals, who interfere with a planet that is already fragile (Frommer Media LLC [Frommer's], 2021). In the 20th century, Nature Tourism resulted in social ills that emanated from national parks being set aside for conservation. The result was a loss of livelihoods for local communities, who were forcibly removed to make way for conservation (Frommer's, 2021). Additionally, Frommer's (2021) noted that late in the 20th-century, Responsible Tourism was implemented by many countries, with South Africa being the first in 1996. Responsible tourism has become the 21st-century buzz phrase, initiating a new set of awards, acknowledging organisations that combat tourism events, which harm the environment.

Recently, the Radisson Red Hotel, Cape Town was awarded best development by the Green Buildings Council of South Africa [GBCSA] for its sustainable element, as it considered the surrounding industrial and warehouse setting of the working harbour, as well as the museum nearby (Everything Property, 2020). Additionally, a scholarly study on responsible tourism in South Africa observed that the Tsogo Sun Hotel, Cape Town integrated responsible tourism

into its operations, by installing aerators and flow restrictions on showers, which resulted in a reduction of water consumption, from 20 litres to less than 9 litres per minute (Musavengane, 2019). This example demonstrates the ability of the tourism sector to integrate pro-biodiversity infrastructural elements, as less water is discharged to the wastewater treatment plant, which protects the ecosystem and the water sector. In addition, less energy is consumed, as less power is used to run the wastewater treatment plant, as well as pump water; consequently, assisting with the transition to a low carbon economy, reduction of GHG emissions, and the integration of other sectors into tourism. To monetise the environment's natural assets, and have an inclusive green economy, the green finance analytical framework incorporates a review of financial, social, and environmental benefits (Ruzibaeva, 2022). Given the magnitude and diversity of South Africa's environmental assets, green finance has the scope and potential to be applied to ecotourism, to benefit local communities for future generations, as well as ensure that banks remain profitable. However, the South African financial services sector faces challenges to remain afloat, and prefers to focus on profitability, to preserve its own sectorial jobs, and sustain its business model, which limits the country's capabilities to venture into mainstream green finance innovations to uplift local communities.

The success of such green finance innovations in other parts of the world have been noted as a coherent approach from government policies, regulatory framework, and financial services being incentivised to deploy green finance (Wang et al., 2022). In South Africa, scepticism abounds, because green finance is perceived as delivering below market returns, consequently, not getting the market penetration required (News24, 2021). Scholtens (2011) concurs with this article, asserting that green finance provides below market returns, when deployed into green projects.

1.2. Background of the study

South Africa's natural attractions include being bounded to the south by two oceans, having numerous inland rivers, dams, and lakes, as well as varied landscapes, and diverse wildlife (SouthAfrica.info: The all-in-one official guide and web portal to South Africa, 2008). Despite the advantageous geographical location and its benefits, the country faces low levels of social development, and a weakening economy for communities surrounded by these natural attractions (Republic of South Africa [RSA], Department of Government Communication and Information System [GCIS], 2022). There is a mismatch between the immense natural capital

that exists in these communities and the low, or lack of, economic activities in those areas. This nature capital needs to be explored to ascertain whether it could uplift the livelihoods of its communities, by attracting visitors as a tourist attraction destination.

The banking sector is central to driving sustainable socio-economic development for the benefit of all stakeholders (Savin, 2020). Green finance is not always paired and applied to a like-minded project, with common goals and interests (Clark, 2016). According to Clark (2016), most Green Finance funds are invested in unsuitable projects that do not meet the fund's mandate and lending criteria. According to the author, the scarcity of suitable projects was the main reason that most boards of Green Finance approve traditional projects with commercial viability, but no game-changing, environmentally friendly (green) aspects. In addition, skilled professionals, reportedly, were unwilling to relocate to areas that require Green Finance. Vig and Deshmukh (2021) assert that ecotourism involves travelling to remote and pristine destinations, obstructing Green Finance professionals from penetrating this market.

The development of tourism activities is typically financed through traditional funding mechanisms, as Green Finance is relatively new, and unfamiliar to many. This highlights a disjoint, or a lack of synergy between the source and application of green finance, and the project in question (Nagano, 2016). Banks use risk appetite framework and profitability models to make informed decisions about whether to extend lending or not (Nagano, 2016). The emerging markets' growth status and economic development inspired customers to grow their portfolio base, and establish groups of companies, which initiated complex lending criteria for banks (Nagano, 2016). Therefore, it could be concluded that borrowing and lending practices have traditionally been bespoke and secluded to the growth of both lender and borrower, which informed the lending criteria.

Lending criteria is underpinned by the lender's risk appetite, which is focused on profit making from bigger borrowing groups, as they are perceived to provide stringent and robust security to the lenders (Nagano, 2016). From this observation, promoting climate change financing for local communities' resilience and decarbonisation have been secondary, as well as futile to lenders' decision-making and lending criteria. In corroboration, Wilson (2016) notes how the traditional lending criteria and process allow discrimination, which questions its fairness and ethics. Her study findings also reveal that different bank managers could reach varied lending conclusions on the same loan application, as non-quantifiable data is often considered. In

addition to the financial attributes, the traditional analytical framework with which financial services assess the funding of projects does not incorporate the sustainability and local community inclusiveness.

Whitehorn et al. (2019) focus on resource-constrained environments, which provide unproductive land to land restitution beneficiaries, but do not provide a framework within which this could be developed into a sustainable funding model for generations to come. It is evident that the ecotourism sector has not been researched sufficiently, for a country with a diversity of wildlife, and that is rich in nature capital. Communities are sitting on natural rich land, which is not used productively, and at risk of depletion, due to the negative impacts of climate change (Whitehorn et al., 2019). Ecotourism hotel development is broader and holistic, as it incorporates other sectors, such as the greening construction industry during the development of the hotel, smart water, and waste management technologies, used during the operations phase of the hotel, as well as energy efficient solutions (Akomea-Frimpong et al., 2022).

Given the large visitor numbers that tourism can attract, the impact could be more widespread than in other sectors of the economy, such as mining and energy, because ecotourism involves travellers from diverse backgrounds and geographical locations. One ecotourism development could have a significant multiplier effect on the transition to a low carbon economy, given the many lives it affects daily (World Tourism Organisation, 2008, as cited in Frommer's, 2021). To corroborate this view, Montmasson-Clair et al. (2019) emphasised the need to address climate change across a multiplicity of sectors, given the rapid growth of the negative impacts of climate change, and the high dependency on climate change sensitive sectors, such as Agriculture and Mining. Ecotourism brings a new dynamic to climate change studies and contributes to the multiplicity of sectors, with potential to transition South Africa to a low carbon economy.

1.3. Research problem

Access modalities of green finance instruments create barriers to the achievement of local community inclusiveness, because they are channeled through the financial services sector, and not always directly to communities (Montmasson-Clair et al., 2019). The consequential impact is that resource dependent and marginalised communities in developing countries like

South Africa, will bear the disproportionate burden of adapting to the negative impacts of climate change. Therefore, the open research problem, explored in this current study, is investigating how green financing can promote more inclusive and resilient communities in ecotourism initiatives.

Traditional finance fails to achieve community inclusiveness because the financial services sector is focused on strong financial returns from their investment (Nagano, 2016). Previous studies (Republic of South Africa [RSA], Department of Energy, 2017) have limitations in addressing this area of study, as they focus mostly on renewable energy, with South African studies targeting the mining sector, as well as the overall energy sector. Recent studies by Montmasson-Clair et al. (2019) highlight the need for a global shift towards a cross-sectorial approach in addressing the negative impacts of climate change. This requires the investigation of other sectors of the economy, such as ecotourism, to address climate change challenges and promote climate resilience for local communities.

1.4. Research questions

The main question in this current research is to determine how ecotourism hotels could be developed in resource-abundant areas, to enable an inclusive green economy, which leads to sustainable climate change resilience for local communities. The following sub-questions are aimed at shedding light on the main question:

- How is green finance more inclusive, sustainable, and useful for decarbonisation, compared to traditional finance?
- Why is the ecotourism sector useful for rapid decarbonisation actions, compared to the energy sector?
- What could be done to stimulate and incentivise the financial services sector to invest in green projects, such as ecotourism developments?

1.5. Research objectives and research scope

In this section, the researcher seeks to identify the intent and purpose of the research, and aims to guide readers towards the question, which the research aims to answer (Leacock et al., 2014). To resolve the identified research questions, the following objectives were constructed:

- To compare and contrast green finance with traditional finance, in the context of inclusive decarbonisation.
- To examine how South Africa could be accelerated to transition to a low carbon economy, through the lens of ecotourism or the energy sector.
- To explore the potential/possibilities of stimulating investments in green projects, through incentivising and rewarding financial services.

Using green finance to enhance existing ecotourism areas are tested for its ability to facilitate a green economy and social development, as opposed to using traditional funding, which does not provide decarbonisation and a climate change resilient community, as outlined in the research question.

In order to amplify the existing problem statement, and address the research questions, the investigation of this current research focuses on South Africa, as a case study with the financial services sector being units of analysis for data collection. The scope of this current research entails addressing sustainability and community embeddedness in green projects. However, the research does not include the community as a unit of analysis, to ascertain their needs and desires. The main purpose is to establish the ability of unlocking large-scale green finance and mobilising green investments and community inclusiveness.

It is imperative that the source of finance, financial services, is thoroughly interrogated for saturation, and subjectivity. This will ensure that the data collected could be adequately validated among the participants. Including the community, as part of the unit of analysis and data collection, broadens the scope of this current research too much, and risks the ability of achieving saturation. This presents scope for future research, to branch into this element of investigation, and primarily focus on the community. Community groups present a diverse mixture of participants, which will require sampling techniques and an appropriate research design. This may not align with the target group for this current research, and may present obscure findings. The validity of qualitative research is necessary as emerging theories are presented.

1.6. Significance of research findings to stakeholders of research

In reviewing local community embeddedness in a sustainability context, Manuamorn et al. (2020) note that access modalities of green finance sources are not customised for community projects. Financing mechanisms are explored in this current research to enhance community inclusion and the sustainability of projects, aimed at ensuring its longevity. When financing is not inclusive, the potential of exposing communities to the risks of climate change inequalities exists, as green projects will only focus on shareholder wealth maximisation, and neglect marginalised communities (Cubas-Díaz & Sedano, 2018). In relation to traditional finance mechanisms, literature highlights that financial services seek high returns for their institutions, by proactively pursuing projects with high risks and high rewards (Nagano, 2016). The two financing mechanisms impede decarbonisation in a sustainable environment.

South Africa's investment landscape is explored for its ability to attract local and global investors, with large-scale concessional green capital. The findings of this current research are aimed at highlighting regulation and policy, which create an enabling investment environment for both tourism and energy, with the objective of creating a pipeline of attractive clean green projects. Structures and processes need to create opportunities for local community participation in a decarbonised context.

Climate change is occurring at a fast pace and historic GHG emissions have already been locked in for future negative impact, in the form of adverse weather release (Akomea-Frimpong et al., 2022; Montmasson-Clair et al., 2019; UNFCCC, 2021). Manuamorn et al. (2020) assert that projected climate risk poses huge threats to communities; therefore, strong inclusive green community projects are required. This requires rapid action to decarbonise the economy and instil a sense of climate change resilience to forthcoming negative impacts (UNFCCC, 2021). South African studies have highlighted that both ecotourism and the energy sectors are considerable contributors to GHG emission (Coetzee & Brent, 2015; Ritchie & Rosado, 2017). This motivates the need to explore which of the two sectors could lead to rapid decarbonisation, to ensure that the negative impacts of climate change do not outpace climate-change resilience efforts. Most of South Africa's transition efforts have been focused on the energy sector, which has produced futile results, compared to other developing countries (Ritchie & Rosado, 2017).

Other sectors of the economy, such as ecotourism, noted to embrace a multiplicity of sectors, need to be explored, to determine whether they could lead to rapid decarbonisation.

The findings of a study by Akomea-Frimpong et al. (2022) on green building suggest an association with high upfront costs. This infers that ecotourism hotel development will be a barrier of entry for most project developers, because of the high costs, compared to traditional hotel development. For the financial services sector, this barrier translates to less attractive returns and lower profitability. Existing theory points to lower returns associated with green projects. The findings of this current research expand on this, and investigate remedial funding mechanisms to ensure profitability, while preserving environmental and social benefits. The researcher in this current study explores the incentives required to stimulate the financial services sector, to unlock green sources of finance, to be applied in the development of green projects, such as ecotourism. Another incentive noted from literature is tax incentives from regulators, as suggested by Wang et al. (2022), to stimulate the progress of green capital flows into green projects.

1.7. Organisation of the study

In **Chapter 1,** the researcher introduces the reader to the beauty and natural landscape of South Africa, and provides a background as to why this is not providing socio-economic change for local communities. The academic rationale for conducting this current study is also outlined from a development finance perspective. Additionally, the researcher elaborates on the evolution of South Africa's ecotourism sector, which leads to the research problem, research question, and hypothesis.

In **Chapter 2,** the researcher outlines the theoretical literature on ecotourism and green finance, aimed at highlighting an open development finance challenge that is worth studying theoretically. The researcher also critically reviews existing literature on the current funding trends for ecotourism, with the emphasis on determining their ability to provide socio-economic change for marginalised communities, living in the surrounding areas.

Chapter 3 comprises the research methodology, encompassing the philosophical assumption that emphasises the research approach, a specific focus on research design, and the analytical framework.

Chapter 4 contains the empirical review of the data collection, data analysis, and the discussion of the findings, in relation to the research question.

In **Chapter 5**, the researcher provides a conclusion of the research data analysis, and summarises the outcome of the results. The researcher also assesses whether the research question has been answered, and the stated hypothesis proved, or not. In addition, the limitations of the research are presented and recommendations for future research provided.

CHAPTER TWO

LITERATURE REVIEW

2.1. Theoretical literature

In this current study, the researcher investigates and interrogates whether the funding of ecotourism development projects leads to rapid decarbonisation, compared to other sectors of the economy, such as energy. Green finance and Traditional finance funding mechanisms need to be challenged to determine whether they provide a basis for an inclusive, sustainable and decarbonised environment, which embraces community inclusiveness, in terms of rapid decarbonisation through a sectorial approach, and inclusive sustainable decarbonisation through funding mechanisms – green vs traditional.

Manuamorn et al. (2020) determined key theories regarding local community embeddedness and inclusiveness in green projects, by conducting Qualitative Comparative Analysis (QCA), which analysed 30 Adaptation Finance mechanisms, established to transition local communities to climate change resilience. These authors postulated that civil society governance, projected future climate risks, and access modality to Adaptation finance, are critical factors for a strong local community inclusive green project. From their QCA, the authors' proposition is that the higher the estimated future climate risk, the stronger the community's presence and focus on the underlying project. This presents a theoretical literature approach on local embeddedness of communities in projects.

The analogy by Manuamorn et al. (2020) could be compared to one presented by Nagano (2016), in relation to the financial services approach to providing finance, namely, the higher the risks, the higher the returns. This appears to be a common denominator between the two authors' theories, namely, the higher the risk, the higher the prospects of success of a project – local community embeddedness and financial services returns, respectively. However, what remains unclear is whether green finance is both inclusive to local communities and sustainable for decarbonising. Community involvement, advocated by Manuamorn et al. (2020), is fundamental for climate change resilience; however, involvement alone does not translate into inclusiveness and sustainability of decarbonisation. Inclusive involves active participation.

At an international level, Fenton et al. (2014) theorised that upscaling green finance for community-based adaptation projects, requires multilateral funds, to enable an efficient access modality from targeted community groups. This corroborates the access modality theorised by Manuamorn et al. (2020). Both theories emphasise that communities should be able to access green finance, to manage their own climate change risks, as opposed to a top-down approach, which trickles down finance to communities from various agencies. Additionally, it is noted that multilateral agencies must relinquish decision-making powers to national and local levels.

A bottom-up and inclusive process of accessing green finance from multilaterals requires, at least, 80% finance to flow to community level (Fenton et al., 2014). The research gap prevails again in this theory; specifically, how can financial services funds be unlocked, mobilised, and channelled towards communities, to achieve a local inclusive and sustainable green economy. The theory presented by Fenton et al. (2014), although it advocates for the community to access funds at project inception and immediately, it does not address the long-term sustainability of such projects, which may not lead to inclusiveness for the future. The inclusiveness element could be lost with projects, which will ultimately reverse the initial inclusiveness achieved at project inception. Sustainability is paramount, to ensure that communities are embedded in the green economy for the future, and achieve inclusive growth year on year.

Inclusive green growth could be achieved through inclusive green finance (Desalegn & Tangl, 2022). These authors argue that green finance is not automatically inclusive, because it has the inability to maximise benefits, as well as minimise costs to poor communities. Additionally, they postulate that investors are not incentivised enough to make green investments through green finance. Consequently, traditional finance sources have been deployed to the economy, advancing projects that are not inclusive of communities, and do not lead to decarbonisation. According to these authors, poor communities are expected to use natural resources for survival, without any environmental considerations, due to a lack of green finance. This current study, therefore, highlights a research gap, namely, how could green finance sources be used to achieve sustainable decarbonised environments, which are inclusive of local communities.

Investors, seeking to make green investments, need to be compensated more, to attract large sums of green finance, which consequently, will lead to local community inclusiveness (Desalegn & Tangl, 2022). Although incentivising investors, such as financial services, to make green finance available will improve progress, it does not solve the current emerging

problem of securing large sums of green finance that is sustainable and inclusive. The access modality for the community still needs to be addressed by the same investors from the financial services sector. Financial services investing frameworks need to be synthesised to involve community participation, and facilitate access to green finance.

Theoretically, Scholtens (2011) argues that green projects provide below market returns and consequently, are undesirable, which is the primary reason for the financial services sector's failure to unlock green finance. Whitehorn et al. (2019) outline challenges of the ecosystem, due to dramatic declines caused by the lack of biodiversity mainstreaming and decarbonisation efforts. These studies highlight the challenges of addressing climate and environmental inequalities in communities that lack climate change resilience. However, unique opportunities for theory building are presented, to gain a deeper understanding of how decarbonisation could be mainstreamed through an ecotourism inclusive green economy, which requires a green finance funding model that is sustainable and inclusive for future generations.

Traditional finance has been hypothesised with high returns to the financial services sector, which makes it a more appealing financing mechanism (Nagano, 2016). However, according to Savin (2020), addressing climate change requires a financing mechanism, which ensures that everyone is included, and a financial services sector that includes socio-economic development of communities in its funding mechanisms. Regarding financial institutions, Scholtens (2011) indicates that their role is key in advancing green projects, due to their ability to provide concessional interest rate pricing to initiatives that benefit the environment. Clark (2016) concurs and concludes that green finance is applied in unsuitable projects, due to the scarcity of green projects, and the poor performance of the few already funded. Available green finance, consequently, is allocated to traditional projects, due to the perceived high returns and lack of green projects.

A theoretical review of energy finance by Hall et al. (2017) indicates that behavioural finance is a compatible theory of capital markets. These authors suggest that energy finance be viewed as an adaptive financing mechanism, instead of an efficient market financing mechanism. The lack of a suitable theory to analyse financing mechanisms as innovation finance for new emerging decarbonising industries, such as energy and tourism, has been identified as the main obstacle to achieving sustainable and inclusive green finance (Hall et al., 2017). Additionally, decarbonisation in South Africa has long been an international outlier, given the geographical

location of the country, with its diversity of wildlife, natural attractions, and communities that are not climate change resilient.

South Africa is a unique case, as it has been observed to be one of the most unequal societies in the world, due labour income and investment income being vastly unequal among various communities (Ataguba, 2021). This makes South Africa an opportune case study for exploration and investigation efforts, to transition its marginalised communities to climate change resilience, and achieve inclusiveness. In this current study, the researcher investigates current Development Finance challenges of climate change inequalities, caused by social polarisation and income inequalities. The most vulnerable communities in South Africa have inadequate basic infrastructure, face high unemployment rates, and lack the ability to deal with the negative impacts of climate change.

Mosquera-Laverde et al. (2018) juxtapose sustainable tourism and ecotourism, stating that the former is associated with the social development of communities in the area, and implemented as a subset of all forms of tourism and destinations. Regarding the latter, the authors assert that it contributes to the conservation of natural and cultural heritage, as well as decarbonisation, consequently becoming an inclusive green project. The common denominator between sustainable tourism and ecotourism was that they both contributed towards social, environment, and economic aspects of tourism. Therefore, it could be concluded that ecotourism serves to protect nature, and provides a platform for the local community's inclusiveness, to display their culture and surroundings.

What remains unclear is how ecotourism could be used by marginalised communities to transition from climate change inequalities to climate change resilience. A study conducted by Whitehorn et al. (2019) revealed that the ability of our ecosystems to provide services, on which humanity depends, is being threatened by the negative impacts of climate change, caused by GHG emissions. The studies of Mosquera-Laverde et al. (2018) and Whitehorn et al. (2019), therefore, highlight the need to explore the way in which ecotourism could be used as a rapid tool for decarbonisation actions, and the facilitation of climate change resilience within communities. The main aim would be to ensure that the ecosystem could still provide services to communities, such as basic infrastructure, as well as employment opportunities, which could lead to an inclusive green economy. Decarbonisation in high impact sectors, such as ecotourism, has the potential to affect communities positively (Whitehorn et al., 2019);

however, what is unclear is the access modality of green finance sources that need to be unlocked by the financial services sector, to enable investments in green projects. Additionally, it is concerning that, in South Africa, ecotourism has not been observed to be the change agent and key enabler of climate change resilience within communities. The reality is the opposite, as communities, surrounded by ecotourism wonders of attraction, face climate change inequalities, and do not have access to basic infrastructure.

A study by Akomea-Frimpong et al. (2022), a more recent theoretical review of green finance for green construction projects, corroborates the earlier study of Scholtens (2011), and indicates that it is an inclusive term that combines environmental protection and social justices, with economic profits in green buildings. Given the knowledge gleaned from this study, it is a wonder that green finance application to nature capital has not led to the impetus for climate change resilience and inclusiveness for local communities. Therefore, emerging moderating factors, such as the ability to generate employment opportunities, active participation in the green economy, and the availability of basic infrastructure that could lead to decarbonisation, need to be tested in the South African context.

The theory highlights the need for research to explore whether hotel development in nature capital could be funded by green finance, and lead to sustainable ecotourism, capable of producing rapid decarbonisation. The introduction of green finance needs to be explored, regarding whether it could bring about projects that support decarbonisation, as opposed to traditional finance, which funds standard projects mostly being carbon intensive leading to carbon emissions. Secondly, accelerated decarbonisation requires rapid response; therefore, renewable energy finance is compared with ecotourism finance, to determine the rapidness of each sector, and its ability to respond to global warming.

For much bigger capital-intensive projects, suitable for ecotourism hotel development, the European Investment Bank [EIB] and the European Commission [EC] have partnered to create the Natural Capital Financing Facility [NCFF], which supports projects delivering on biodiversity and climate adaptation, through tailored loans and investments, backed by an EU guarantee (EIB & EC, 2020). Additionally, the EC has developed a biodiversity strategy for the year 2030 to protect nature, and reverse the degradation of ecosystems, thereby putting Europe's biodiversity on a path of recovery by 2030 (European Commission [EC], 2022).

Therefore, it could be inferred that the NCFF is a hybrid European fund for both climate and environment related investments.

In South Africa, the Government, through the Department of Forestry, Fisheries, and the Environment (DFFE), set up a Green Fund to support the transition to a low carbon economy, through high impact investments that provide social and environmental benefits (Republic of South Africa [RSA], Department of Forestry, Fisheries and the Environment [DFFE], 2021). The Green Climate Fund (GCF) in South Africa is focused on mitigation and adaptation investments that assist in limiting global warming, by lowering average global temperatures to pre-industrial norms, namely, below 1.1°C (Drummond, 2011). The GCF was established to assist developing countries with adaptation and mitigation. It is funded by developed countries that contribute as part of their commitment under the UNFCCC. Other sources, not party to the UNFCCC, such as foundations, as well as public and non-public sources, also contribute to the fund. The two green finance sources in South Africa, the Green Fund and the GCF respectively, are sourced locally through the fiscus, and globally through the UNFCCC framework.

In the South African context, local banks cited political influence and weakening economic conditions as reasons for not being ready to cut off coal funding, despite pressures from international investors and funders (News24, 2021). The local banks considered the massive jobs losses that the banking sector could face, if they cut off coal funding, as the South African economy depended on coal to power businesses (Makgetla & Patel, 2021). Politicians, however, applied more pressure to ensure they met their targets, as promised to the voters.

In the financial services sector, this resulted in scepticism to deploy green sources of finance to the market, and a tendency to lean on traditional financial resources. The four big banks in South Africa adopted policies that restricted lending to new coal projects by year 2021 (Makgetla & Patel, 2021). Only Nedbank adopted a complete ban on coal funding, with the other three banks indicating that they would continue to fund coal projects, on condition that they ensure best practise in minimising emissions. According to Makgetla and Patel (2021), the local banks argued that, as the South African economy was reliant, largely, on coal for electricity, they had no grounds to remove coal from their respective mandates. Additionally, all four banks still held the bonds issued by the country's state utility, Eskom, which produces coal-fired electricity. This coincided with this current study's objective, to determine whether

ecotourism could lead to rapid decarbonisation, and transition South Africa to a low carbon economy, compared to the energy sector.

In contrast, Green Finance is bespoke, and not only focuses on profitability and cash flow strength, but also focuses on developmental impact, biodiversity, and attributes that contribute towards the protection, friendliness, and low impact on the environment (Clark, 2016). A study on the sustainability of investments and projects revealed that, to achieve a more accurate analysis, a Triple Bottom Line [TBL] framework needs to be implemented, because it ensures environmental and social variables need are considered, as much as economic variables for any type of investments (Cubas-Díaz & Sedano, 2018). A TBL framework, incorporated as part of a broader green finance framework, with local community inclusiveness, is designed to initiate economic participation by all. To corroborate this, the United Nations Capital Development Fund indicated that transitioning to the 22nd century requires financiers to consider mitigating carbon emissions, by deploying their funding in green projects with socio-economic benefits, and not disregard social and environmental needs (United Nations Capital Development Fund [UNCDF], 2021).

The prescribed Green Finance framework puts pressure on South African banks, as the economy is reliant on fossil fuel funding to remain afloat. The current status quo, reliant on traditional sources of financing, ignores the social and environmental needs. Similarly, the construction and development of hotels involves carbon emissions by cement industry, as well as coal-fired energy consumption during the operation phase. Regarding investment in the renewable energy sector, Hall et al. (2017) conducted a funding framework analysis and noted that an adaptive market hypothesis was more suitable to analyse energy system financing. Additionally, large sums of investment were required to meet the energy demand with a credible emissions framework (Hall et al., 2017).

Akomea-Frimpong et al. (2022) outlined an analytical framework for green finance projects, to be reviewed in contrast to their traditional finance projects counterparts. The authors assert that, for the construction of hotels in ecotourism, using green finance, the project would need to ensure that the construction and the operating phases conserve natural resources, and produce less pollution than conventional building projects. The green finance funding should also include environmentally friendly construction materials, namely bricks and cement, evolving further to include post-construction operations, as well as maintenance, leading to

savings on water, energy, waste, and better indoor environmental quality during the operating phase. Akomea-Frimpong et al. (2022) elaborated that various green finance instruments, namely, green loans (bonds), green building funds, green insurance, and green mortgages, were regarded as critical to achieve an efficient green finance project framework, coupled with strong tangible guarantees.

For green finance projects to succeed, the negative perception of poor returns needs to be mitigated, by capacity building workshops, robust legal framework, and educating the market around its principles (Akomea-Frimpong et al., 2022). According to these authors, the funding criteria for the construction of a hotel for ecotourism included qualifying as a green building, which benefited from installed energy efficient solutions, smart water, and waste management technologies. This induces theoretical concepts and the testing of the hypothesis relating to the possibility of decarbonisation, in an ecotourism funding model, to provide climate change resilience. According to Whitehorn et al. (2019), the below-market return perceptions attached to green finance funding into green projects, and the lack of funding for the ecosystem, obstructs the unlocking of climate change resilience for communities.

2.2. Review of the empirical literature

The concept of applying green finance to green buildings was reviewed, with the conclusion that yielding increased economic returns and achieving a wider market penetration was possible, if coupled with clear regulation and government support (Akomea-Frimpong et al., 2022), for example, the construction of a hotel building in ecotourism, using green finance. The study findings revealed that, for an effective and viable project, with variables of decarbonisation and a green economy, inclusive of communities; the stakeholders need to understand green finance, as well as the underlying green project first, and thereafter, merge the two to gain an ecological balance.

From this current study, the critical aspect of marrying a project to a suitable financial product, and finding common denominators for both, is noted. If these aspects are not well understood, the green financial product will be unsustainable and fail to achieve local community inclusiveness. Community literacy rates could also be a disadvantage and barrier to achieving inclusive and sustainable decarbonised projects, as they may only understand the project at hand, but not the green finance mechanisms from the financial services sector. The

unsustainability of green finance will negatively affect rapid decarbonisation of the green project, as it may be brought to a standstill.

In South Africa, the Council for Scientific and Industrial Research [CSIR] estimated that buildings and civil infrastructure consume 40% of all resources, and produce 40% of waste, which includes GHG, over the lifecyle of the asset (Coetzee & Brent, 2015). This South African study on building construction revealed that they consume between 30% and 40% of the entire economy's energy, and 17% of its water. This creates a platform to adopt and implement the findings of Akomea-Frimpong et al. (2022), to achieve the savings of efficient green building projects. The development of the ecotourism sector involves construction of hotels, which ultimately leads to GHG, and the consumption of energy and water, according to the CSIR (Coetzee & Brent, 2015).

According to Montmasson-Clair et al. (2019), tourism intergrates a multipliciy of sectors. However, the potential collusion of different mindsets and ideologies, when bringing multitude experts and stakeholders together from diverse backgrounds and sectors of the economy, should be heeded. In Kenya, the County Climate Change Fund [CCCF] was piloted in remote local communities to transition them into climate change resilience as well as faciliate the flow of green finance (Crick et al., 2019). Based on the largescale household survey, conducted by Crick et al. (2019), the participants, being local vulnerable communities, reported having 100% access to water, as well as cost savings on water collection, which translated to more than KES 400 million savings in total. These authors indicated that green financing mechanisms enhanced and enabled local community inclusion and participation in the decision-making process regarding the CCCF's investments.

Access modalities guided community members on the finance and literature required to enable decarbonisation and climate resilience. The fund achieved greater success in Kenya for small scale household investments at community level, which paves the way for the scalability of such green finance mechanisms for largescale green projects, such as ecotourism and energy, to enable decarbonisation at a faster pace, to reverse the negative impacts of climate change.

A prospective descriptive research study on the environmental strategy of ecotourism determined that hotel developments in ecotourism use strategies for economic benefits, but fail to use the resources of the region for its benefit to uplift communities; consequently, having no

environmental and social attributes (Mosquera-Laverde et al., 2018). Traditional finance sources were observed to be the source of funding for these ecotourism developments, which indicates a traditional funding model that does not include the local community, with no socio-economic benefits. The lack of the TBL framework (Cubas-Díaz & Sedano, 2018) to assess the efficiency of ecotourism was evident. However, although it lacks the upliftment of communites and the achievement of community inclusiveness, the financial services sector achieves strong financial performance and resilient portfolios of investments, through traditional finance instruments (Nagano, 2016). The contrast to achieving low community embeddedness is the high returns enjoyed throughout the investment horizon.

Prospective tools were used by Mosquera-Laverde et al. (2018) in Columbia to find solutions that ensure economic development support for local communties through ecotourism, besides the economic benefits for the hotel itself. From the Delphi survey conducted in their study, the promotion of cultural diversity and the application of green finance in alternative energy solutions, and potable water treatment plants, were regarded as effective solutions to ecotourism. This solution centred the hotel development around the community, as they know more about the environment than tourists do, and consequently, could introduce their culture as an offering, thereby maximising the hotel revenue streams. The solution provided, also optimised the costs of operating ecotourism hotel developments, as safe potable water could be used for irrigation and other industrial purposes within the establishment. Additionally, efficient energy solutions are critical to lower energy costs, and ensures good returns for funders using green finance sources.

To enhance the credibility of the authors' Delphi survey, the participants were leading international ecotourism hotel managers, industry leaders, tourists, government officials, as well as foundations, and non-government organisations. Notably, the financial services sector was not included in the survey, which creates a research gap for exploration, to ensure that financiers concur with the findings of research. Additionally, it is critical to research access modalities of green finance from the financial services sector's viewpoint, as well as whether they have any inclination to invest in green projects through green finance.

Wang et al. (2022) studied environmental performance, green innovation, and green finance in 57 developing countries, from 2002 to 2016, to conduct empirical investigations, and observed co-integration relationships among these three variables. The authors used panel unit root tests,

co-integration tests, and pooled mean group estimates, which use cross-section dependence. Their study revealed that environmental performance has a long-term positive impact on green innovations. Green finance was observed to have a positive impact on green innovations in emerging countries with a low penetration of green finance. In contrast, the models reviewed, indicated that green finance could negatively impact green innovation for countries with better environmental performance, due to the lack of sustainability and planning from governments and policymakers.

Wang et al. (2022) concluded that green finance could ignite the progress of green innovation through tax incentives from lawmakers, to help with financial capital flow into green projects. This was evidenced as key to the success of green financed projects from advanced economies. However, this requires continuous, long-term planning from governments, to allocate more financial resources for green products and green projects. Consequently, it could be concluded that, for countries with lower levels of green finances, as evidenced by the depleting ecosystem, local governments should ensure the stability of their green finance policies, as this would stimulate financial support from green financial investors. Regulatory risks, faced by investors in this segment of financing, could be a deterrent, and presents barriers to entry, which could be offset by a clear regulatory framework that protects the environment and green investments from production activities, through governance and strict control measurements.

An interrogation and review of green economy models for the tourism sector reveal that the greatest potential for increasing resource efficiency, lies in S02 emissions, where business is expected to improve by 52 percent, as usual, followed by energy consumption at 44 percent, water consumption at 18 percent, and clean waste disposal at 17 percent (Ruzibaeva, 2022). This review highlights how the tourism sector is able to impact various areas of climate change, and facilitate a safer environment, through resource efficient hotel buildings. This indicates that decarbonisation could potentially be integrated in these green economy models for implementation by the tourism sector. The clean waste disposal process could transition South Africa to a low carbon economy, as waste has toxins, which could emit carbos when left at landfills, as opposed to clean environmental process intervention. Additionally, destroying conventional waste leads to GHG; besides, waste contains harmful methane, which pollutes the environment.

This author observed the catastrophic decline in nature capital, due to the rapid growth of the world's population and its gross domestic product. The regulators and financial institutions are criticised for creating bias norms, rules, and recommendations, relating to green finance. According Ruzibaeva (2022), the reluctance of both regulators and the financial services sector to promote and use green finance is clear, which contributes to the declining ecosystem and climate change inequalities. Collaborative efforts from governments, financial services, industry experts, and communities, are critical, if social inequalities and econmic exclusions are to be eradicated, in exchange for climate change resilience and an inclusive green economy.

The general approach of traditional financing sources is more reliable, and a comfort zone for many actors in the financial ecosystem, despite the lack of decarbonisation, and the promotion of climate change mitigation and adaptation for local communities. This underpins the research question regarding how to stimulate and incentivise the financial services sector to unlock green finance, and invest in green projects, such as ecotourism development. Evidently, the financial services sector is reluctant to use green finance in green projects, due to the perception of below-market returns, as well as the scarcity of suitable green projects (Clark, 2016; Scholtens, 2011).

The UNFCCC held its 26th Conference of Parties [COP26] summit in Glasgow, in November 2021 (UNFCCC, 2021). COP26 advocates for driving action across the globe on Mitigation, Adaptation, Finance, and Collabroation. The conference was aimed at reducing the emissions through mitigation strategies, and helping those already impacted by climate change through adaptation stragegies. At the summit it was indicated that financing mechanisms were critical to enable countries to deliver on their climate change goals, while fostering collaborations, in efforts to deliver even greater action. This highlights the need for access modalities of green finance to be inclusive, to enable local community involvement and collaboration. According to the findings of the Glasgow COP 26, protecting and restoring the ecosystems, and managing land sustainability, could potentially reduce the annual net GHG, by more than 7 giga-tonnes in 2030, which will support adaptation, reduce climate vulnerability, promote biodiversity, and enhance livelihoods. The development of green ecotourism hotels, therefore, could contribute to this target, as it will enhance the following activities, which are essential for ecotourism, to attract visitors, preserve the natural capital, halt and reverse deforestation, and restore the ecosystem.

At the COP26 conference, it was observed that coal-fired power accounts for a quarter of the global GHG emissions, and is the single biggest contributor to human-created climate change. Therefore, the development of hotels for ecotourism in South Africa could potentially reduce GHG emissions for the energy sector, by implementing renewable energy sources within the hotel, such as solar, wind, and biomass waste-to-energy interventions. The preservation of the ecosystem and natual capital in the respective areas would provide the means to attract the requisite sources of clean energy for the hotel development, and consequently contribute to the 2030 targets of reducing GHG emissions. This corroborates most of the empirical literature reviewed in this current study, as it leads to ecotourism, including a multiplicy of sectors, to decarbonise the economy.

The COP26 initiatives have pledged to a Just Energy Transition [JET] Partnership for South Africa, valued at USD8.5 billion (UNFCCC, 2021). This JET is aimed at assisting the country's transition to renewable clean energy solutions, while mitigating negative externalities that could arise from the transition. This green financing solution is critical for the development of new hotels in ecotourism, as they could potentially contribute to the reduction of GHG emissions, and address climate change inequalities. While some may interpret this pledge as solely attributable to the energy sector, it is insufficient intervention to transition South Africa to a low carbon economy, as a multiplicity of sectors are required to reduce the rapid growth of the negative impacts of climate change. Climate change is occurring at a faster pace than a single focused sectorial intervention could assist in mitigating and adapting communities. For climate change resilience to be instilled within communities, more sectors need to be mainstreamed in the climate change actions of a country.

At the DAVOS summit, held in May 2022, the World Economic Forum [WEF] identified nature-based solutions as a means for G20 countries to close the climate finance gap (World Economic Forum [WEF], 2022), which calls for the protection, management, and restoration of natural ecosystems, while addressing societal challenges. The WEF noted that biodiversity loss and climate change are both occurring at unprecedented rates, threatening humanity's survival and contributing to climate change inequalities. Additionally, the WEF noted that investing in nature capital increases resilience to the socioeconomics of local communities, and economic shocks, while also acting as a key enabler of continous decarbonised economic acitivites. Therefore, nature positive transitions in key sectors are good for economic growth

and could create jobs, while ecotourism hotel developments could be a solution to a nature positive transition for South Africa.

Ultimately, funding will be required for the requisite hotel development, which will mitigate against biodiversity loss, attract visitors, stimulate economic acitivities, and create local jobs, while enabling climate change resilience within society. This initiative and strategy by WEF suggests that the ecotourism sector is better positioned as a key enabler to transition South Africa to a low carbon economy, much better than the energy sector, due to the focus on preserving the natural ecosystem. The findings by WEF (2022) validate a study by Whitehorn et al. (2019), as both highlight the need for biodiversity mainstreaming and decarbonisation.

A unique opportunity is presented for Green Finance to support the development of pro-biodiversity infrastructure and preserve the ecosystems, as it not only leads to the mitigation of GHGs (Akomea-Frimpong et al., 2022), but also leads to Adaptation. In contrast, the introduction of the Government's grant schemes only addresses adaptation to current challenges faced by communities to maintain livelihoods; however, it does not solve climate change inequalities. The negative impacts of climate change will still occur, because the Government grants only provide relief support, which leads to adaptation, but does not extend to the mitigation of GHG emissions for future generations; consequently, not providing a sustainable solution. In the South African context, the findings of the WEF support this current study's research question, which seeks to address why the ecotourism sector is not used as a tool for rapid decarbonisation and providing climate change resilience.

An empirical example is the floods that occurred along the South African eastern coast, particularly the KwaZulu-Natal Province, in April and May 2022. The floods caused extensive damage to businesses, roads, water supply, electricity, rail, and communication infrastructure, as well as public infrastructure, such as schools and health facilities. The South African government, through the IDC, committed R500 million in loan and grant funding, to help the nation recover and rebuild all affected infrastrure (Industrial Development Corporation [IDC], 2022). The cause of these floods was regarded as the negative impacts of climate change and the rising GHG emissions. However, the traditional relief funding from the IDC only incorporated relief, restoration, and rebuilding what was lost and damaged, consequently, only facilitating Adaptation, by assisting those already impacted by climate change.

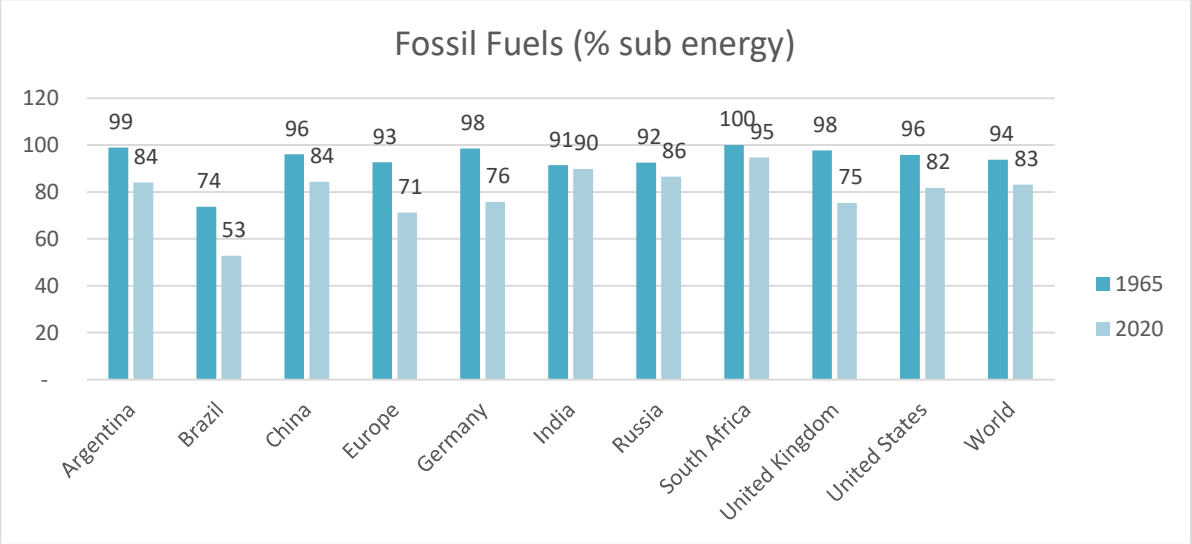
The limitations of the traditional relief funding from the IDC is that it does not explore the mitigation aspects of climate change, thereby reducing the impact, or the possibility of future floods caused by the negative impacts of climate change. This presents a unique opportunity for green finance, as it addresses the climate change mitigation and adaptation, when considering the type of infrastructure to develop, which reinforces this current study's research question regarding how green finance could contribute positively towards the development of ecotourism, relative to traditional sources of finance, and lead to climate change resilience within communities.

Another unique distinction between green finance and other sources of funding, such as Black Economic Empowerment [BEE] in South Africa, is the legislation, with its onerous penetration that does not reach mainstream citizens. BEE continues to be a narrow-based funding mechanism, as it only considers black ownership of projects by previously disadvantaged individuals, who have limited bargaining power and ability to raise capital (Andreoni et al., 2021). These authors outline how structural transformation, which BEE seeks to address, has had limited impact on, and made limited contribution to, the broader economy of South Africa and its vulnerable communities, due to barriers of entry that BEE lending criteria brings to project implementation. In contrast, green finance advocates for inclusive economic participation by all members of communities, in which the funding is applied.

Researchers need to explore whether green finance provides better avenues and mechanisms for local community inclusiveness into financing structures, compared to BEE and other traditional finance sources. Carefully considering ownership through BEE finance, only presents opportunities for shareholders and introduces a limited scope for penetration. In the context of project finance structures, catalysing green finance could play a key role in ensuring that projects achieve the TBL framework. It would incorporate the environment and social aspects, along with economic variables, relative to BEE finance, which only considers shareholder transformation.

Another noted example is the implementation of the MTN BEE Zakhele transaction, which aimed to ensure that qualifying members of the Black public in South Africa could invest and hold shares in the MTN Group, a leading emerging markets telecommunications service provider company (MTN Zakhele Futhi Share Scheme Administration, 2022). Various market reports have indicated how the BEE venture did not live up to its promises; its investors lost

about 95 percent of the cost of their investment, as they had initially paid R20 per share, while the BEE venture opening trading price was R1.10 (Mahlaka, 2019). The deterioration of the BEE investment was caused by market forces on trading economic fundamentals. Evidently, banks and law firms that implemented MTN BEE Zakhele transactions benefitted from advisory fees, leaving BEE investors with 95 percent trading losses on day one.



Source: Ritchie & Rosado (2022)

Figure 2.1: Fossil fuel percentage of energy

In South Africa, insufficient progress has been made towards replacing fossil fuels as a source of energy, with the rest of the world outpacing the country, in efforts to achieve a clean energy transition. Figure 2.1 contains the dependency on fossil fuels statistics of various countries, by comparing 1965 and 2020, to ascertain whether any significant drop or improvement was evident. South Africa had a marginal drop of 5%, compared to other upper-to-high-income countries, namely, Argentina and China, which experienced double-digit drops of 15% and 12%, respectively. The world average fossil fuel dependency has also improved by 11% to 83%, putting South Africa below the average, in its improvement drive towards climate change mitigation and adaptation for the energy sector, which makes it challenging to achieve a Just-transition. Additionally, Makgetla and Patel (2021) assert that energy transition would take decades to achieve.

Therefore, to progress towards making a meaningful contribution to the world's targets of reducing GHG emissions, South Africa needs to research and explore other avenues, such as ecotourism, which offers a multitude of possibilities to improve from being the world's 12th biggest contributor of global GHG emissions. The need to grow the skills base of the

investment community is a structural constraint, as renewables are still immature (Hall et al., 2017). The second structural constraint is the long-term nature of the renewable investments, which together with the constraints of illiquidity, creates a structural barrier for investors. This was cited as the main reason for the low levels of investment in renewables.

A report published by Fitch Solutions (2021), indicated that South Africa's economy is faced with threats of weakening, due to a fall in commodity prices, and a weaker currency, which puts pressure on tourism spending. This current research aims to investigate how South Africa could diversify its economy, and not rely heavily on the commodities and energy industry. The banking sector is critical to revive, as well as place the natural landscapes of the country in the spotlight, and consequently, stimulate the economy, which is expected to lead to social development. Social development could be implemented by the local community members, who are trained to protect their environment and promote responsible ecotourism. This is expected to bring socioeconomic changes to poor communities, and ultimately, achieve the United Nations Social Development Goal 11: Sustainable communities (Impact Capital Africa, 2021).

The Green Tourism Inventive Programme [GTIP] (Republic of South Africa [RSA], Department of Tourism [DOT] & Industrial Development Corporation [IDC], 2021) launched in 2017 by the Department of Tourism, in partnership with the IDC, further enhances the need for immense stakeholder engagement and collaboration in South Africa. The GTIP promotes the need for tourism as a key enabler of green efficient resources that would lead to a low carbon economy and facilitate resource efficiency within the tourism industry, requiring investors to adopt responsible tourism practises. Investors are encouraged to install solutions for the sustainable management, as well as usage of electricity and water resources, by providing grant funding of up to R1 million, which could be paired with additional funding from funding institutions, such as the IDC.

This green finance funding is catalytic and aims to crowd-in private sector funding, along with Development Finance Institutions [DFI] lines of credit, in efforts to create a sustainable ecotourism sector. The GTIP fund size is not large enough to absorb capital-intensive green projects, as it is aimed at optimising existing hotel establishments. Consequently, it is limited, in terms of scope and magnitude of reach, as it cannot catalyse large high-impact green construction programmes for hotel developments, because these require large scale funding.

The grant size required to catalyse these projects and crowd-in private sector funding, involves multi-million of Rands. The South African ecotourism sector needs the evolution of the GTIP into a second phase, or secondary fund for high impact green construction ecotourism hotels.

2.3. Summary of literature including research gaps

Observed open literature advocates for community presence in green financed projects, with other authors suggesting direct access to funds by community members (Fenton et al., 2014; Manuamorn et al., 2020). This is encouraging and it will lead to local community inclusion. However, the literature presumes a dichotomy between local community inclusion and sustainability of the underlying project and finance. Sustainability and inclusion are both critical; to ensure long-term decarbonisation that addresses the needs of climate change. Addressing the negative impacts of climate change and transitioning communities to climate change resilience, requires long-term sustainable commitments. The sustainability of local community embedded projects is critical, to ensure that it could be maintained in the future. However, the disjointed view of financing community inclusive projects and sustainable green finance for decarbonisation needs to be dispelled. The financial services sector needs to unlock and mobilise largescale green finance for community-embedded projects.

While some studies in Kenya piloted sustainability of green finance that involves community inclusion, these have yet to reach scale and implementation into much bigger capital-intensive sectors of the economy, which could lead to rapid decarbonisation (Crick et al., 2019). The Kenyan literature on sustainability of community projects centres on micro finance in remote areas. Big sectors, such as energy and ecotourism, which contribute to large GHG emissions, have been unpacked inadequately for rapid decarbonisation in a sustainable, local community-inclusive context.

In South Africa, community participation, alongside a private investor, in a small ecotourism project, was explored in the Kruger National Park, and deemed inclusive (Impact Capital Africa, 2021). However, the returns were regarded as insufficient to lead to an inclusive green economy and social development for the majority of community members, who reside in the area. The insufficient returns lead to low, or no sustainability for the project and inclusiveness of community, highlighting the need for high impact green finance solutions to be deployed for large capital-intensive projects. The financial services sector needs to be incentivised with

clear policy framework and mandates that enable investments in largescale green projects. Although the Kruger project achieved the TBL framework and SDGs, it merely scratched the surface, in terms of community outreach and development, due to the low investment in a small Eco hotel. This will not lead to rapid decarbonisation for the future, as the mitigation of GHG emissions was insignificant.

Financial services sectors are enticed by strong financial performance and resilient investment portfolios, through traditional finance (Nagano, 2016). The findings revealed that most of these large-scale investments achieve low community inclusion, due to poor literacy rates (Nagano, 2016). In South Africa, empirical review on largescale traditional finance, provided by DFIs, leans on the presumptuous dichotomy between sustainability and community inclusion. In response to the negative impacts of climate change, the DFI's funding has not responded to the need to decarbonise vulnerable communities, and include them as partners in the projects. These only address the relief and restoration of what had already been lost or damaged (Industrial Development Corporation [IDC], 2022). Green finance needs to be explored for its ability to lead to proactive decarbonisation in a sustainable inclusive manner. Consulting with the financial services sector, to understand the financing mechanisms that would present viable and sustainable largescale green finance, has not been explored in the context of South African green projects, which involve communities.

There is increasing pressure from stakeholders requiring big banks in South Africa, such as Standard Bank, to address their strategy when dealing with climate change (Khumalo, 2021). Most of the literature observed, highlight a solution being the funding of the ecosystem, and ultimately, feeding into the ecotourism sector, thereby addressing issues of unemployment and social inequalities (Akomea-Frimpong et al., 2022; Scholtens, 2011; Whitehorn et al., 2019). The funding of ecotourism has the potential of being a key enabler for the financial services sector, to achieve its SDG targets on their performance scorecards, and map their way of transitioning to a green economy. Additionally, besides reducing GHG emissions, the funding of an ecotourism hotel development could address the climate change inequalities, faced by many communities, surrounded by nature capital in South Africa.

The challenge remains theorising as to how ecotourism, paired with the inaccessible green finance, could provide a means for decarbonisation and climate change resilience within marginalised communities. The main problem is the barrier of entry into the ecotourism sector,

due to the high capital costs, and green finance being avoided by the financial services sector, because of the scarcity of green projects that are commercially viable and profitable. Therefore, this leads to the hypothesis of this current study, which aims to test whether stimulating, recognising, and rewarding the financial services sector, could unlock green finance.

Wang et al. (2022) argue that profits on green projects, which contain a sustainable development variable, such as biodiversity mainstreaming, could be higher than traditional projects. This requires an innovative approach to the structuring of these projects from a range of stakeholders, including government, financial institutions, sector experts, and project sponsors. According to Ruzibaeva (2022), banks play a key role in stimulating green finance for the tourism sector, which forms a pre-cursor to this current study's interest and research question, as to how green finance could contribute positively towards the development of an inclusive ecotourism, as opposed to traditional sources of finance.

Scholten (2011) and Whitehorn et al. (2019) present the challenges of addressing the climate and environmental inequalities, faced by communities, who lack climate change resilience. However, these challenges also present unique opportunities for theory building, to gain a deeper understanding and synthesis of how rapid decarbonisation could be achieved, through an ecotourism green-finance funding model that is sustainable for future generations. This supports the first research sub-question of this current study, which relates to why green finance is better suited for decarbonisation, as compared to traditional finance. The second sub-question is also supported, as it seeks to understand how the ecotourism sector could be a tool for rapid decarbonisation of the economy, as opposed to the energy sector, which has not achieved good results recently.

Data mapping and reporting, observed from Ritchie and Rosado (2022), proves that South Africa's focus on transitioning the energy sector is futile, compared to other similar countries, such as Argentina, without compelling and comparable results. The reasons behind the poor transitioning to climate change resilience through the energy sector, have been unpacked by Ratshomo and Nembahe (RSA, Department of Energy 2017). These authors explain that the country exports 3.5% of the global coal resources, while the energy mix of South Africa is dominated by coal, accounting for 90%. This makes transitioning through the energy sector slow and difficult to achieve, outpaced by the acceleration of the negative impacts of climate change. Further exploration, theorising, and testing, in a practical environment with industry

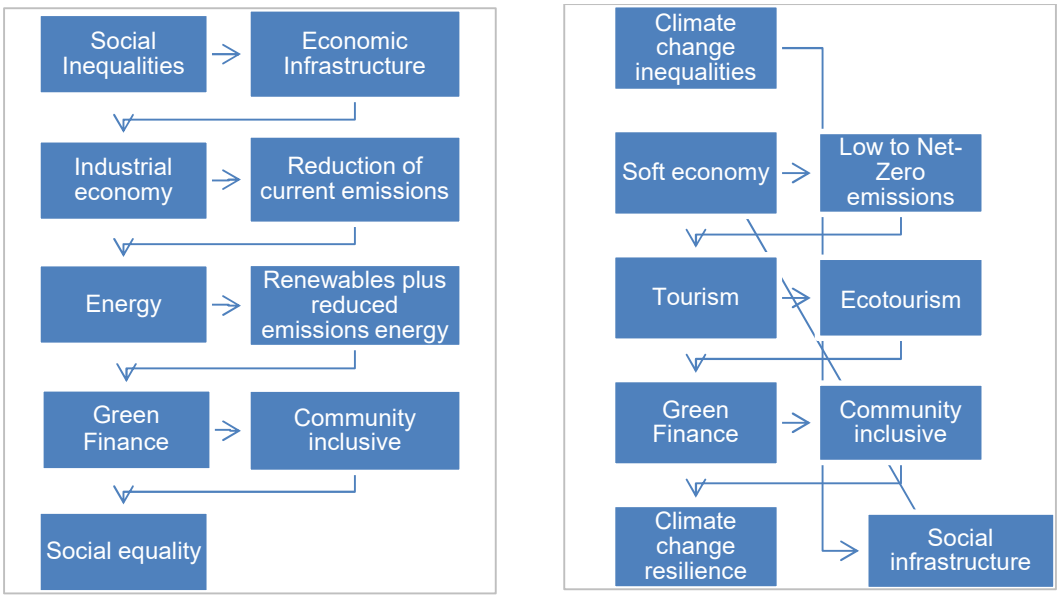
experts in the financial services sector, is necessary, as they hold the key to unlocking largescale green finance sources of capital.

This current research aims to find solutions to the growing pattern of concerns, as there is poor market awareness of an inclusive green project with economic benefits. Sustainable ecotourism models suggest that everyone is involved in ensuring an inclusive green economy with social development for all. Green finance could generate more revenue streams, compared to traditional financial instruments, due to the coherent approach, as well as the involvement of a diverse range of stakeholders. Additionally, local communities have a much deeper knowledge of, as well as an appreciation of their environment, cultural heritage, and its unique offerings, thereby strengthening their importance and relevance in promoting a sustainable ecotourism model, which will also lead to climate change resilience within marginalised communities.

2.4. Conceptual framework

The objective of this current study is to investigate the challenges faced by green finance funds, to widen the net, and broaden the landscape for green projects, into which to deploy funding. According to Clark (2016), insufficient focus is fixed on game-changing projects, and green finance professionals lack the motivation to travel to remote areas, where green finance is mostly needed. In this current study, the researcher aims to provide a conceptual framework, to apply green finance sources of funding to ecotourism hotel developments that qualify as green buildings, while still developing moderating factors, such as energy, water, transport, road infrastructure, and job creation. The overall aim of the conceptual framework is to contribute to the inclusion and resilience of poor marginalised communities, while dealing with the negative impacts of climate change.

As observed from literature, no specific theory exists that explores the synergies of applying largescale sustainable green finance into ecotourism, to achieve decarbonisation in resource-constrained environments. The investigation conducted by this current study leads to the two main barriers for a community-inclusive green funding model, namely, social inequalities and climate change inequalities. These barriers could be eliminated through an inclusive green finance model, bespoke for South Africa, as displayed in the following diagrams.



Source: Researcher

Figure 2.2: Mitigation of inequalities by Green Finance

CHAPTER THREE

METHODOLOGY

3.1. Research approach

In this study, the researcher employs a qualitative research approach, to find answers for the three research sub-questions, which will ultimately address the main question. Qualitative research is useful to understand the why and how questions posed by this current research as sub-question 1 and 2 (DiCicco-Bloom & Crabtree, 2006). For research sub-question 3, a qualitative research approach is also employed, as it is aimed at unpacking the needs of other stakeholders. It was important to approach the source directly, to gain clarity and answers to these questions, instead of using secondary information.

3.2. Research design

The interpretive nature of this current study unpacks the internal values, norms, and organisational cultures of financial services, in funding community inclusive projects (Bryman et al., 2014). Consequently, the research design for this current study employs a qualitative case study approach, which will be used to interrogate data and socio beliefs of the financial services sector. For research sub-question 1, the researcher selected a qualitative case study format, as it could facilitate clarity regarding how green finance is more inclusive, sustainable, and useful for decarbonisation, compared to traditional finance. The case study is also used to observe trends and phenomenon among the financial servicers sector's usage of traditional finance, relative to green finance. This incorporates a qualitative embedded case study approach, as it involves two sub-units of analysis, being the traditional finance mechanism and the green finance funding mechanism.

For the second research sub-question, a comparative case study approach is also employed to understand the two sectors better, including their efforts to transition South Africa to rapid decarbonisation. This approach provides a comparative view of each sector's ability to harmonise internal and external processes that directly influence decarbonisation projects. In addition, through a comparative case study approach, a scientific rationale and justification

emerges, revealing the sector that is more aligned with a rapid decarbonisation strategy (Crowe et al., 2011).

For the third research sub-question, an inductive research design is followed to undertake a scientific investigation (Crowe et al., 2011). The incentivising and rewarding of the financial services sector, to unlock largescale green finance for decarbonisation, forms the basis of the inductive research design, to answer the third sub-question.

3.3. Sampling methodology

In this current research, the researcher adopted a purposeful sampling approach, as the literature review provided the determining characteristics sought, as well as where they could be located (Coyne, 1997). Therefore, the participating sampling criteria were established prior to conducting the research. In consideration of the three research sub-questions, purposeful sampling was deemed necessary to select the participants from the *three organisations*, namely, IDC, Edge growth, and PIC, which were included in this current study.

The selected country was South Africa, which is a unique case, as it is regarded as one of the most unequal societies in the world, due to labour income and investment income being vastly unequal in various communities (Ataguba, 2021). Consequently, this allowed an investigation into how its communities could be transitioned to climate change resilience, by introducing community inclusive projects, supported by the financial service sector. For the first research sub-question, the units of analysis were the green finance and the traditional finance products, for an inclusive, sustainable project.

Additionally, South Africa presents a unique area of interest because it has long been an ecosystem outlier for GHG emissions, arising from hotel construction and the energy sector. Firstly, construction of hotel developments in South Africa consumes about 40% of energy of the entire country (Coetzee & Brent, 2015). Secondly, decarbonising the energy sector in South Africa has fallen behind, in comparison to other developing countries (Ritchie & Rosado, 2022). From these two studies, it is clear that both the *energy* and *tourism* sectors are notably big emitters of GHGs in the context of South Africa; therefore, these two sectors were selected for inclusion in this current study. The world average fossil fuel dependency has improved by 11%, from 94% to 83%, between 1965 and 2020 (Ritchie & Rosado, 2022). However, South

Africa has only improved by 5% (100% to 95%) in the same period (Ritchie & Rosado, 2022). This situates the country as a key unit of analysis pertaining to the second research sub-question, regarding which of the two sectors could lead to rapid decarbonisation.

The IDC was selected as one of the organisations from which to collect data and conduct the case study, as the DFI is involved in financing energy projects and tourism projects. The IDC is a self-funding DFI, deriving its funding mainly from international and domestic capital markets (IDC, 2021). The DFI also manages third party funds from organs of state in South Africa. Additionally, the key sectors under scrutiny are both housed within the organisation, in which the researcher observed sought after characteristics, such as being a financial services organisation, and having access to various sources of funding instruments. Two groups of participants were purposefully selected from each sector (energy and tourism) respectively, within the IDC.

From the private sector, Edge growth fund manager was selected, as it has a vast pool of financial resources from private sector stakeholders (Edge Growth, 2022). Edge growth's investment spans across multiple industries, including energy and tourism. A participant from Edge growth fund manager was selected to corroborate and validate findings from the participant of the IDC tourism group of participants. Regarding the energy group of participants, a participant from the Public Investment Corporation (PIC) fund manager was selected to corroborate and validate the findings from the IDC energy group of participants (Public Investment Corporation SOC Limited [PIC], 2000 – 2022).

Once the key senior dealmakers in each organisation participated in the interviews, the theory that developed from the initial data collection and analysis revealed the appropriate participants to recruit from the same organisations, by employing Theoretical-sampling techniques, to help develop the theory further and answer the research sub-questions (Coyne, 1997). Theoretical sampling was chosen as it allows the researcher to simultaneously code and analyse collected data. Based on the emerging themes, the collected data reveal the subsequent set of data to sample (Coyne, 1997).

To enable comparison and contrasting of different funding appetites, two groups of participants from energy and tourism were the phenomenon of interest, as well as the setting of the problem areas. The participants were separated into two groups, namely, energy participants [EP] and

tourism participants [TP), which aided theoretical sampling to collect data within the financial services sector. From this sampling, the researcher unpacked the third research sub-question, to understand what could be done to stimulate, incentivise, and recognise diverse groups of financial services, to unlock green finances for ecotourism, or renewable energy development.

In summary, this phenomenon of interest selection provided the basis for rationalising how green finance could be more inclusive, sustainable, and useful for decarbonisation, compared to traditional finance; thereby responding to the first research sub-question. For the second research sub-question, the ecotourism sector was tested, to ascertain whether it is a better tool for rapid decarbonisation, compared to the energy sector. Energy and ecotourism related projects were scrutinised for their ability to transition local communities on to a climate resilient path. This formed the basis of a comparative study approach on the sampling results from the two sectors, aimed at answering the second research sub-question.

Dealmakers at a development finance institution were probed for their ability to include communities in their projects. The main argument of this research was that tourism was not studied sufficiently, and provided with the requisite green finance support required, to contribute towards the decarbonisation of an inclusive South Africa. Two cases were studied for this investigation. The first case study related to the energy sector financing mechanisms studied. Three senior dealmakers were interviewed from the IDC, and one other dealmaker from the PIC fund manager, for subjectivity and data triangulation. These four dealmakers were referred to as energy participants [EP].

The second case study related to the tourism financing mechanisms studied, including both traditional tourism and a broader key focus area on ecotourism. Three senior dealmakers were interviewed from the IDC, and one other dealmaker from Edgegrowth fund manager for subjectivity. These four dealmakers were referred to as tourism participants [TP]. Individually, the participants each averaged 13 – 14 years of financial services experience. These groups of participants were knowledgeable, well experienced, and suitable to answer the research sub-questions. Table 3.1 contains details about the data collection participants from both sectors across the three organisations.

Table 3.1: Data collection participants interviewed (See Appendix C)

3.4. Data collection procedure

The primary data collection for this current study was conducted in the form of semi-structured interviews, which allowed for flexibility, distinctive to qualitative research (DiCicco-Bloom & Crabtree, 2006). The interviews involved open-ended questions, exploring ideas with follow up questions. To avoid bias, no leading questions were posed, while all the questions were impartial to the respective sectors under investigation (DiCicco-Bloom & Crabtree, 2006). Although, a semi structured interview process and setting was adopted, the participants were expected to respond to probing questions (DiCicco-Bloom & Crabtree, 2006). To ensure impartiality among the participants from energy and tourism fields of expertise, both groups of sectorial participants were posed the same set of questions. Each of the three research questions included a set of sub-questions, aimed at achieving process, impact, comparativeness, as well as probing questions.

To obtain answers to the first research question, the EPs and TPs were asked to explain, broadly, what their business units funded. It was anticipated that this would relax participants to be more amenable to discussion. Additionally, they were asked to compare and contrast financing for traditional projects, as well as those that included community embeddedness. First research question also included probing questions, such as whether their portfolio included any green projects, and whether they could share reflections of what they perceived to be the most impactful projects funded to date.

For the second research question, the researcher followed a similar approach and theme as for the first research question. Both EPs and TPs were asked to share any experience they may have had with decarbonisation projects, to determine rapid decarbonisation. Given that both sectors were responding to the same questions, ensured the neutrality of the investigation, to arrive at a conclusive answer.

To limit bias in the interviews, each sector was represented by an equal number of participants from the IDC, and one each from a fund manager, engaged with similar activities as the sector under scrutiny. The comparative questions were critical for the second research question, as they compared both sectors' ability to achieve rapid decarbonisation. Consequently, all the participants were asked about any barriers encountered, when required to work speedily and

urgently, particularly on green projects. This facilitated an ideal base from which to determine the sector that could reach decarbonisation goals faster.

The aim in answering the third research question was to cover internal and external incentives broadly, as well as avoid shoehorning participants into preconceived narratives and answers. The questions covered incentives at a sector and organisational levels, as well as how these influenced the participants' desires to invest in green projects. Probing questions were posed, for example, what was required to increase investment in projects that were more sustainable and embedded with communities. Each interview was recorded with the consent of the participants, and lasted approximately 30 to 45 minutes. To ensure saturation and limit subjectivity, four participants in each of the sectors were interviewed, which translated to eight participants, namely, 4 EPs and 4 TPs.

Interviews were conducted virtually, using Microsoft Teams, which has a recording functionality. This was regarded as a credible and reliable way of conducting the interviews, as Teams automatically sends the recorded interview to all meeting participants, being the interviewer and the participants. Additionally, it ensured transparency, as all the participants received the recorded file. Subsequently, the interviews were transcribed into written format, to determine themes and categories. For an effective theoretical sampling in this current study, the process of data collection facilitated theory building, as data were collected from the financial services sector, coded, and analysed, to highlight the next appropriate set of participants for additional data collection, as well as where to source them. This ensured that the theory was developed as the analysis progressed.

3.5. Data analysis

In this current study, the researcher adopted the thematic analysis for the framework (Bryman et al., 2014). Data analysis was conducted in a bottom-up approach, characterised by an inductive study. This involved developing themes and concepts, without attempting to fit them into a pre-conceptualised theoretical framework, but rather to analyse and describe patterns (Bryman et al., 2014). In addition, the analysis ventured into policies and reforms required to stimulate investments in green projects by local financial services. Subsequently, the research sub-question regarding what incentives, recognition, and rewards were required for the

financial services to invest in green projects, such as ecotourism developments, was better understood.

The qualitative data collected from the field were coded, with the intention of condensing large volumes of data. This was the main criterion and basis of the qualitative data analysis, as it propelled the research to interpret and re-present coded data, as opposed to presenting it in its original format (Bryman et al., 2014). Coding of the data was not fragmented, and not disguised as the analysis process of the data collected, but rather as part of the analysis process. The data analysis process entailed reading through the coded data and categorising findings from all participants. The findings are presented as comparative illustrative tables, for ease of comparing the findings per sector. Recurring themes that emerged from different engagements are presented in the findings.

The presentation of the coded data was focused mostly on the interrelationship that the collected coded data presented for ecotourism, energy, green finance, traditional finance, and sub-dependent variables, namely, sustainability and community embeddedness. This related to the findings from financial services interviews. All the coding was aimed at ascertaining the rationale behind green finance being more inclusive, sustainable, and useful for decarbonisation, compared to traditional finance. This was the findings for the first research sub-question.

For the second research sub-question, the diverse views of the participants' responses, regarding why ecotourism versus the energy sector was not used as tool for rapid decarbonisation, are presented for the reader's appreciation. This addressed the findings regarding why the energy sector, for many years, had not provided good progress for South Africa's climate resilient path. Whether ecotourism is indeed a low hanging fruit, ready to include multiple sectors for rapid decarbonisation, is also presented, and reach a conclusive answer. The inclusiveness and sustainability of their investment were coded and analysed, to present the findings for the third research sub-question.

The initial step for the qualitative research analysis process was to read and re-read the interview transcripts, to gain a general understanding of what the participants were divulging (Erlingsson & Brysiewicz, 2017). Firstly, the researcher obtained the meaning unit from the participants, being the exact excerpts from their responses. Subsequently, the meaning unit was

condensed further, ensuring that the core meaning was still maintained. The third step was to label the condensed meaning unit, by formulating codes, which were grouped into categories, in line with the research sub-questions, to maintain the context of the research, and address the main research problem statement. The categories were used, interchangeably, as themes, because they were both aligned with the context of the research. The themes were identified per research sub-question, split between the two sectors under investigation. The three main groups for codes were, financing for community inclusiveness, decarbonisation through the respective sector, and incentives to decarbonise. This categorisation allowed emerging themes to develop, per research sub-question.

Overlapping during the categorisation process was very common, as codes used in one category, were fit for purpose in another (Erlingsson & Brysiewicz, 2017). Sub-categories were used at times, to solve the overlapping, which aggregated into categories. It was critical to return to the main meaning unit, to check that the true meaning of the unit was still intact, and complemented the category assigned, or else it was necessary to reconsider the preliminary coding. This stage of coding and categorisation was challenging, due to the back and forth nature of ensuring the validity and integrity of the process.

The processes of data collection and analysis were conducted, using guidance of Erlingsson and Brysiewicz (2017, p. 99). According to the authors, "…it is 'peopleware', not software, that analyses", implying that qualitative data analysis is conducted by *people*, not *computers*. Software is perceived as ideal for the capturing and storing of data; however, it cannot analyse the data. Consequently, no statistical software was used to analyse and code the collected data. Microsoft Excel was used to tabulate the participants' answers to themes or categories, useful for addressing the research questions.

3.6. Research criteria and limitations

The research criteria used for this current qualitative research were credibility, confirmability and transferability (Bryman et al. 2014). The credibility of the participants were achieved by ensuring that they had the necessary skills, experience, and record of accomplishment, in their respective fields. The research method used, added to the credibility of the research conducted. The participants' validation was achieved by seeking recommendations from industry peers. One of the limitations of the research was the small sample size of participants, which was

restricted to 8 to gain saturation. Confirmability of the research was achieved by ensuring that it could be replicated by other scholars, to achieve the same set of results. For transferability, it was imperative that the research was valid, and that generalisability existed within the qualitative study. Transferability was established by providing readers with evidence that the research study findings could be applicable to other similar contexts, places, times, and populations.

The researcher sought to address sustainability and community embeddedness in green projects. However, the researcher did not include any community as a unit of analysis, to ascertain their needs and desires. The main purpose of this current research was to establish the ability of large-scale green finance to be unlocked and mobilised for green investments and community inclusiveness. However, it is imperative that the source of finance, financial services, is thoroughly interrogated for saturation and limit subjectivity (DiCicco-Bloom & Crabtree, 2006; Erlingsson & Brysiewicz, 2017). This will ensure that collected data could be validated adequately with the participants. Including the community as part of the unit of analysis and data collection would broaden the scope of this current research extensively, and risk the ability of achieving saturation.

For validity purposes, the triangulation process was used to crosscheck meaning units among groups of participants, and further against the literature review, as outlined in Chapter 2 (Erlingsson & Brysiewicz, 2017). It is important to note that, from within the IDC itself, there were two groups of participants, namely, tourism and energy. Data from both groups were triangulated and corroborated, to ensure validity and strengthen the research, in relation to a comparison of the two sectors from one organisation. It was essential to crosscheck the views of the participants, to obtain subjectivity and generalisation, as well as strengthen the validity of this current study. The cross-case comparison approach adopted, allows for this study to be replicated, and the findings tested.

CHAPTER FOUR

FINDINGS

4.1. Background context

In this chapter, the researcher outlines the research findings, based on the qualitative data analysis described in Chapter 3. The first theme observed during the analysis and coding was that of *community inclusive financing*. The second theme was *related to sectorial decarbonisation, exploring both the tourism and energy sectors' ability to decarbonise South Africa rapidly*. The third theme was *stimulating financiers to finance decarbonisation*.

The findings of this current research are presented in accordance with the themes in the tables. Each research sub-question is supported by three tables, with each finding supported by a quote. The results presented in the tables are broad and original from the participants. The presentation of the results in the tables showcase how they developed from sub-sections of the interview guide, in respect of each theme that emerged.

A three-tier of analysis is presented as the initial, intermediate, and high-level analysis of each theme. The tables (Appendices 1 to 9) are used to structure and support the arguments of the initial and intermediate tiers of analysis. The high-level analysis for each theme is presented in Section 4.2, categorised by a research sub-question. Additionally, the high-level analysis for each theme clarifies how the specific elements, presented in the respective tables, interact.

Consequently, section 4.2 is a narrative write-up of each row presented in the respective Appendix tables, delineating the content of each table in 3 to 4 paragraphs. The three-tier analysis tables comprise "what it is", "how it plays out", and finally, "how it influences inclusivity" for each of the sub-questions. For each tier of analysis, the first column in each table explains the type of theme discussed, the second column outlines a sectorial view of the underlying theme from TPs and Eps, the third column provides an explanation of the theme, and a representative quote is provided in the last column.

4.2. Findings

The first research sub-question was partly addressed in the literature review, presented in Chapter 2, and partly by responses from the participants. The second research sub-question was mostly answered by the participants' answers, given the focus on South Africa, and that the targeted participants held depth and knowledge of their respective sector's ability to decarbonise the country. The literature review appeared to be limited in comparing and contrasting the two sectors alongside each other; therefore, the literature review constitutes limited answers to this sub-question. For the third research sub-question, the primary data responses from the participants were used to provide answers/themes that emerged from the interviews.

4.2.1. Theme 1: Comparing green finance with traditional finance to achieve community inclusiveness.

Table 4.1: Finance sources - what it is (See Appendix D)

Traditional finance is risky, which is reflected in the pricing of loans, not only from the funder's perspective, when they raise funding in the capital markets, but also in the pricing passed on to projects. Notably, the IDC raises its own funding from capital markets, at market rates, influenced by the organisation's own credit rating profile (IDC, 2021). EP2 indicated that the main reason for highly priced traditional finance is that South Africa's sovereign credit rating was downgraded by major credit rating agencies, which filters down to the financial services that are also downgraded; consequently, impacting the country's capital markets. Traditional finance, therefore, is not the preferred main source of funding for energy projects.

Due to the Sovereign credit rating's impact on the ability of financial services to source cheaper concessional green finance locally, most of the green finance is provided by international organisations. Concessional pricing for green finance is better suited to transition South Africa to a low carbon economy, with community inclusiveness as an agenda (Scholtens, 2011). Green finance must be ring-fenced with a clearly drafted mandate, as well as funding criteria, to avoid being used to fund traditional projects, and disguised as traditional sources of funding. The EPs noted that green finance is sourced mainly from European-based international institutions. They are able to attract cheaper

sources of funding from their respective domestic markets in their foreign countries, and pass the benefit on to developing countries like South Africa, as part of their pledge to a *Net zero* global economy (UNFCCC, 2021).

For the tourism sector, the TPs reported a scarcity of green finance for their projects. The TPs disclosed that, previously, the sector had a green finance called the GTIP (RSA, DOT & IDC, 2021). However, the fund was insignificant, and has since been depleted. The GITP was regarded as insufficient to achieve impactful projects. Traditional sources of funding, therefore, became dominant, with tourism largely reliant on riskier expensive funding for hotel developments. Currently, according to TP2, no specific ring-fenced green financing for tourism exists, which compels financiers and developers to choose eco-friendly hotels. TP3 and TP4 stated that the drive for ecotourism is limited to what SMEs propose to develop, whether it is eco or not.

Ecotourism is still regarded as a novelty, and a 'nice to have' for the tourism sector. The TPs highlighted a dearth of ecotourism hotel developments, as size constraints and the limited availability of green finance for the tourism sector; results in the low take up of green eco hotel developments. Unlike the South African energy sector, based on the responses from the TPs, the tourism sector does not have access to large pools of concessional green funding, to drive the decarbonisation agenda.

Table 4.2: Finance sources - How it plays out to process mechanics (See Appendix E)

According to EP3 and EP4, traditional finance is not largely used for energy projects. The national government, through the Independent Power Producer [IPP] office, regulates how Renewable Energy Integrated Power Producer Programme [REIPPP] projects are developed and financed. The IPP office requires communities to be financed by the funding consortium, as part of the REIPPP. Concessional cheaper finance, therefore, is preferred, highlighting the limitation of expensive traditional finance. Due to the dominance of the REIPPP, the portfolio of the energy sector financing, as regularised by the national government, is dominated by cheaper concessional funding. This limits the need for expensive, traditional finance, and the achievement of the IPP stated objectives, for example, free funding to communities to achieve inclusiveness.

All the EPs were indifferent to the technology selected to generate energy; however, existing portfolios are predominantly renewables. According to EP1, EP3, and EP4, financiers have not necessarily ceased to finance non-renewables; however, it appears that few projects in the energy portfolios are not renewables. The REIPPP is the key driver of projects that require sustainable energy, along with the Commercial and Industrial [C&I] sector.

Regarding the tourism sector, no strict regulation exists that requires the development of eco-friendly hotels, which presents opportunities for traditional finance to dominate the development of traditional hotels. The South African National Parks [SANParks] regulates the financing and development of tourism projects within the national parks' territory, not the entire country. Therefore, local communities should become involved, to raise issues that affect their lives and environment. However, this presents a limited pool of locations for community inclusiveness and ecotourism development, given that hotels are developed in all areas of the economy/country. SANParks' geographical coverage, regulating community inclusiveness and eco-friendly hotels, is limited to national parks, which instigates the low uptake of ecotourism development; however, no regulation compels ecotourism development in other parts of the country.

In contrast, the IPP office that regulates the energy sector has a wider geographical mandate, covering the whole country, which is the primary reason that the energy sector's portfolios are dominated by renewables. The sector is also able to attract larger green finance, as opposed to the tourism sector, with only 20% ecotourism, and consequently, unsuccessful in attracting green finance.

Table 4.3: Finance sources - How it influences inclusivity (See Appendix F)

The government's regulation, through the IPP office, stipulates the process that REIPPP projects should follow, to obtain licenses and approvals to operate the renewable energy project. The fundamental criterion is community inclusiveness, through shareholding, funded by the funders of the project, which requires that 2% to 5% be deducted from the shareholding pool and ring-fenced for communities. The funders have to raise these funds on behalf of the communities, which requires an optimal capital structure that could unlock dividend payments to the community. To achieve this, project finance structures

should use blended finance approaches, dominated by green finance, to achieve the stated objective. Regulation and pricing play an important role in achieving the impact required.

To comply with the stipulated legislation for the implementation of community inclusive REIPPP projects, the EPs suggested green finance as the main source of funding. They regarded it as a key enabler that allowed previously disadvantaged individuals to participate in the energy sector of South Africa. In their opinion, the projects would achieve an optimal cost structure because of the concessional pricing of green finance. Besides, the financial services could fund the community's portion of equity participation through any means of available internal sources of funding, green or traditional, as the projects would have been de-risked by the large sums of green finance. The desired impact, therefore, would be achieved through the returns, provided the communities were used to build social infrastructure, for example, schools, clinics, and libraries.

For the tourism sector, the TPs reported that no specific green finance is available for the sector. Most funders in tourism rely on traditional finance to achieve impact. Therefore, impact through community inclusiveness is limited to jobs created through the development of the hotel. Additional impact could be achieved by ensuring that locals are contracted to provide building materials to the greatest possible extent. Another means of achieving impact in tourism projects was reported as the training of local communities through skills development, to prepare them for employment opportunities at the hotel.

Direct shareholding in hotel developments is limited to the national parks, as regulated by SANParks. Unlike the energy sector that could de-risk projects with green concessional funding, the tourism sector relies solely on traditional funding to enable community participation. This results in a high-cost structure and capital-intensive projects, associated with the high pricing of traditional finance. Therefore, the TPs did not regard community inclusiveness, through equity participation, as a direct criterion to be achieved.

In the three tables above (Tables 4.1, 4.2, & 4.3), green sources and traditional sources of finance are compared, from the perspective of both sectors under investigation. Firstly, a clear pipeline of renewable energy projects, which requires community inclusion, is

enabled by government regulations and policy guidelines, through the REIPPP. Secondly, this attracts concessional green credit lines from global institutions, required to de-risk the country's traditional sources of finance, associated with high interest rate pricing, caused by the poor sovereign credit rating. Thirdly, once traditional finance has been de-risked, community inclusion in green projects is unlocked, for the community to participate in economic activities.

From a tourism perspective, the reverse of the energy sector's regulation impact is evident. Firstly, the sector's regulator, SANParks, which advocates for community inclusion, has a limited geographical coverage that results in a limited pipeline of ecotourism projects. Secondly, the financial services sector has a lower portfolio of green ecotourism projects, as they are still regarded as a novelty. Thirdly, as a result, the sector is not able to attract large sums of concessional green finance from global organisations with good credit ratings. Consequently, community inclusion for tourism is limited, and mostly achieved through job creation and integrating local suppliers from the community, as part of traditional tourism projects, mostly funded through expensive traditional sources of finance.

4.2.2. Theme 2: Pace of decarbonisation

Table 4.4: Accelerated or decelerated - What it is (See Appendix G)

For South Africa, decarbonisation needs to consider the current socio-economic status of the country, which will determine the pace, whether accelerated or decelerated. An accelerated decarbonisation is required, which will require localised green skills to implement renewable energy projects. Currently, local labour is engaged in fossil fuel energy projects, which require transitioning to the green economy. In addition, the current energy security of the country needs to be addressed, before embarking on an accelerated decarbonisation of South Africa.

Renewable energy projects are notably expensive to develop, due to the capital costs. Most of the renewable energy components are imported, as local industries are not skilled enough to supply them. Therefore, government regulations need to be developed, to allow for the local manufacturing of infrastructure and other components, required for

decarbonisation. South Africa needs to focus on regulation to improve its industrial sector, and limit expensive imports of equipment. According to EP2, South Africa could have a greater impact, as well as easier decarbonisation, if it manufactured equipment for decarbonisation, or example, solar panels, and batteries, as low-cost, local components that, ultimately, could facilitate cheaper projects.

The TPs regarded accelerated decarbonisation for the tourism sector as critical, which could be boosted by incentives to hotels, for exiting the grid. However, an acceleration requires regulation, policy, and frameworks, within which to operate. These should provide guidelines to unlock faster decarbonisation. Private sector capital could be instrumental in achieving faster decarbonisation, which would be easier to attract, if a clear policy and regulation framework was in place.

In addition, cross-sectoral collaboration is key for the implementation of a robust decarbonisation framework in South Africa. Policy and regulation need to allow sectors to forge relationships in a collaborative manner. The tourism sector needs support from the energy sector for alternative sources of energy, to mitigate against the current challenges of energy security, aiding hotels to exit the grid, and use solar or wind energy.

Table 4.5: Accelerated or decelerated: How it plays out (See Appendix H)

Currently, South Africa is faced with energy security constraints. The baseload power sources are deteriorating, due to the lack of maintenance and capital investment. Additionally, the current baseload is predominantly coal-based, which results in fossil fuel emissions. The current energy crisis is also fuelling the need for alternative sources of energy, such as renewables. The EPs expressed that renewables, in isolation, would not be sufficient to provide the energy security required for South Africa's economy. Without energy security, marginalised communities are forced into poverty and climate change inequalities, as argued by this current research.

To transition marginalised communities into climate change resilience, the achievement of many SDGs depend on the availability of energy security for all as a basic entitlement. For a robust and stable baseload power in a developing country like South Africa, EP3 suggested alternative technologies to coal, namely, nuclear and gas-to-power.

> "Baseload like gas-to-power, nuclear, if you don't want to go coal, then you have to try those other 2 technologies".

These alternative solutions have low emissions, compared to the use of the current coal baseload. This causes a slower-paced transition to a low carbon economy, as renewables will be used to augment the baseload. Therefore, the energy sector in South Africa does not appear to have merits for rapid decarbonisation, as the COP26 directed.

COVID-19 was a game-changer, as it boosted the financial services processes and ability to deploy financing for decarbonisation projects effectively, as well as other traditional projects. Enhanced internal credit committee meetings, due to an improvement in its attendance rate, as well as the duration of the meetings, effectively lead to additional deployment of capital for decarbonisation funding requests. However, the pandemic negatively affected the tourism sector locally, compared to the energy sector, as fewer approvals were granted for new hotel developments and other tourist attractions. The sector was faced with a low appetite from financial services, due to its unpredictability, as evidenced during the COVID-19 pandemic. Government intervention is needed to reinstate confidence in this sector, and promote decarbonisation. This offers an opportunity to re-ignite the sector, with a clean slate of decarbonisation and community inclusiveness, as the key focus areas, along with other critical imperatives, such as social infrastructure development and job creation.

According to TP3, high capital costs, associated with ecotourism hotel developments, could be offset by savings from the operations and maintenance, over the lifespan of the ecotourism hotel development. The savings could be utilised for expansion, growth, and development. Developers could scale, or replicate, their initial ecotourism hotel development into new phases from the savings accrued in the first development. The risk of upfront high costs could be remedied by adopting the current REIPPP model, implemented by the energy sector, in which green finance from global actors is used to de-risk the high capital costs, and augment the traditional sources of capital, where green finance is not substantial enough to end the project.

Table 4.6: Accelerated or decelerated: How it influences inclusivity (See Appendix I)

The debate on the energy sector's decarbonisation impact was centred on the type of economy in South Africa. According to EP3, community inclusivity cannot be achieved with a soft economy, which a baseload power, sourced from renewables, will provide, with intermittent power supply. Once energy security has been achieved, both accelerated and decelerated decarbonisation would be possible, through less emitting sources of energy, such as gas-to-power and nuclear. EP3 added that, for large industries, such as the manufacturing and energy sectors, which are critical for job creation, a strong robust baseload power is essential. Renewables, therefore, would be impactful as an alternative and buffer, to boost an already existing strong baseload power infrastructure. Securing access to energy would enable decarbonisation, at a pace aligned with energy security for all communities, and result in a growing economy.

South Africa is faced with a high unemployment rate, as well as social inequalities. The energy crisis facing the country makes matters worse for marginalised communities, which is the subject of this current research. According to EP3, in order to involve poor communities to participate actively in economic activities, an industrialised economy is required. Renewable energy projects are noted to lead to a soft economy, as they are unable to provide strong robust baseload power, required for the industrial sector.

> *"There are other sectors that can survive or can be sustained by renewables. If you look at the banking sector, their buildings can go off-grid and run off solar because during the day people are working so you are meeting their demand. But you can't' supply a factory running 24-hours with renewables because there is a big mismatch between when power is available and when consumption is required" EP 3.*

The manufacturing sector's energy needs cannot be powered solely from renewables, as they often operate 24 hours a day. Renewables are more efficient during the day, when sunlight is available, but require battery storage for power supply at night, which may not be sufficient for manufacturing production activities. Other sectors, such as the financial services that open for business during daytime, may survive on renewables, as they operate with skeleton staff at night-time. From this representative quote, the transition of the energy sector to rapid decarbonisation suggests a non-industrialised

country, with a weak manufacturing sector supporting industries. A strong manufacturing sector supporting local industries requires industrialisation to transpire.

According to TP3, the tourism sector needs to develop results-based finance mechanisms, targeted at the green tourism economy, to stimulate ecotourism, which will involve the community actively participating, and included in the ecotourism model. The tourism sector could decarbonise and influence society through a soft economy and social infrastructure deployment. In contrast, the energy sector requires an economic infrastructure for an industrialised economy. Therefore, South Africa needs to decide whether it prefers a soft economy, or an industrialised economy, as a soft economy does not lead to industrialisation. Critical infrastructure, such as energy, requires an industrialised economy.

In the three tables above (4.4, 4.5, & 4.6), the ability of each sector to decarbonise South Africa rapidly, is investigated. The pace of decarbonising the energy sector is heavily reliant on industrialising the country with manufacturing capabilities, to mitigate against current expensive imports, which make decarbonisation expensive. Additionally, a huge misalignment exists between the country's energy availability and the enforcement of fast-paced decarbonisation, which would cripple the economy, as strong industries require strong baseload power, not intermittent supply, associated with renewables. Therefore, it is important to solve the country's baseload power, which will enable job creation through sustainable industries, and consequently, the elimination of social inequalities.

The tourism sector needs to refine its regulation and policy framework, to enable rapid decarbonisation through ecotourism developments. Cross-sectoral focus is required to allow economic infrastructure to be integrated in tourism developments, followed by incentivising hotels to get off-the-grid. Green finance sources of finance could fulfil a role, by providing results-based finance to developers, based on milestones achieved for ecotourism hotel developments. COVID-19 had a spin off on both sectors' efforts to reach decarbonisation, with positive outcomes for the energy sector, as most stakeholder engagements are conducted on digital platforms, which stimulates demand for renewables. However, for tourism, the pandemic slowed down the sector, due to low demand, caused by travel restrictions.

4.2.3. Theme 3: Stimulating financiers to finance decarbonisation.

Table 4.7: Stimulation of financial services - what it is (See Appendix J)

Global actors have the means to drive the decarbonisation agenda, globally, which could filter through to each country, and subsequently, into financial services. Therefore, global regulation, set by developed countries, is mainstreamed nationally, to which all should adhere, which ultimately affects financing instruments from the financial services sector. Due to global regulation, South African companies, entering the energy space, are forced to decarbonise, failing which, their bottom line would be affected. Ultimately, they would find ways to transition, driven by foreign trading partners.

Regulation stimulates and provides incentives for financial services to invest and unlock green finance. Global actors are the main drivers for this stimulation at an energy industry level, by providing green credit lines at concessional rates. From an energy financing perspective, similar to energy trading companies, financial services organisations in South Africa are forced to investigate green financing sources to stimulate transition to a low carbon economy.

EU laws and regulation requiring decarbonisation from their domestic companies, which are global players, have a direct impact on their South African trading partners. However, each country's government needs to customise the global criteria of decarbonisation for their respective markets, considering the country's specific needs and available resources. National governments have to set clear priorities to decarbonise, based on their development needs for the tourism sector. The TPs noted that the stimulation and drive for decarbonisation come from global actors, who have established clear regulations and policy that could be copied, mainstreamed, and customised to each country's specific needs.

Table 4.8: Stimulation of Financial services - how it plays out (See Appendix K)

Data collected from the participants suggest the existence of constrains and limitations of globally sourced green finance. Firstly, green finance from global institutions seem to revisit advanced economies, due to policies and laws requiring that the manufacturing of

solar panels and other renewable energy related components be rated. The current rating system is similar to credit ratings, which are conducted by a global organisation. EP 2 disclosed that the systems rates according to a Tier category, determined by organisations from advanced economies. This creates a global market, influenced and largely driven by advanced economies, as they determine ratings criteria, from their perspective.

A growing/developing country like South Africa would struggle for a high rating of their manufacturing sectors' production of renewable energy components, which are still in the infancy stage of development. The funders of global green credit lines would require a good rated renewable energy project. According to EP2, in most South African renewable energy projects, their equipment is sourced from advanced economies, the same sources of green finance, being global funders from the same geographical regions. The debate, therefore, is centred on how this globally sourced green finance develops countries like South Africa, as it is funnelled back to advanced economies.

EP2 disclosed that South Africa's coal is being exported to developed countries for their own consumption; however, these same global consumers of South African coal require the country to decarbonise, creating a major conflict of interest. Therefore, South Africa should pace itself towards reaching a low carbon economy, by adopting strong baseload power from low emission sources, like nuclear and gas to power. Renewables could also form part of the energy mix enhancement, and predominantly supply social infrastructure, such as tourism. Tension and conflict regarding the pace required to decarbonise, negatively affects the stimulation of financial services to adopt green credit lines. Social inequalities are being neglected by the fast pace required to decarbonise, while baseload power is critical to ensure energy access.

Another limitation noted by the EPs, in relation to global sources of green finance, is the concept of the *poison chalice*, which renders the financing extremely attractive at inception, due to its concessional nature. Consequently, South African financial services organisations could effectively deploy renewable energy projects, to meet the JET objective of reaching a net zero economy by 2050 (UNFCCC, 2021). However, according to EP3, the drawback is, South Africa is on a developmental pathway that requires an industrialised economy to support its citizens. EP3 added that, to combat the current energy crisis in South Africa, much stronger baseload power sources are required,

namely, nuclear and gas-to-power. These baseload sources of power result in a reduction of current emissions, much lower than the current coal sources used by South Africa, which is not supported by global funders of concessional green finance instruments, as they advocate for clean green energy with their funding. Unfortunately, clean green energy provides a soft economy, which will not combat the social inequalities, and include communities in economic activities.

According to TP3, nations and organisations should adopt their preferred factors in the advancement of their green/eco-friendly hoteliers and green economies. State policies need to be adopted at a gradual pace, in consultation with ecotourism project developers, and not *in silo*, which will also drive the stimulation of the appropriate financial instruments required for ecotourism. Results-based finance would stimulate and unlock green credit lines for ecotourism, as it will incentivise ecotourism developers to intensify the demand.

TP3 expressed that continuous dialogues and engagements between national governments and financial services are critical, to ensure a cohesive implementable approach of decarbonisation. Policy and regulations set up, requires stakeholder engagements to benefit all, including the community. If financial services were involved, a smoother process of regularising green finance would be facilitated. The TPs and EPs indicated that they were the ones on the ground, faced with the implementation of JET, not the government. Therefore, the government needs to focus on creating an enabling environment, policy, framework, and guidelines. However, currently, global funding is channelled from government to government, which creates conflict between financial services and government. Ultimately, to provide impact on the ground, green financing from advanced economies' governments and donors needs to be channelled directly to the South African financial services.

Table 4.9: Stimulation of financial services - How it impacts on inclusivity (See Appendix L)

To invest more in community inclusive projects, financial services Key Performance Indicators (KPI) need to have explicit community inclusiveness criteria. The challenge that remains is having a bespoke large pool of finance targeted at communities,

particularly community-based finance that is green. Most DFI KPIs do not have an explicit community inclusive item. It is only included by virtue of broader job creation, skills development, as well as supporting previously disadvantaged individuals.

Current green finance broadly addresses the decarbonisation agenda for all; however, this neglects the social inequalities, and only focuses on climate inequalities. Social inequalities and climate change inequalities are not mutually exclusive. The funding assumes that all citizens of South Africa are faced with equal climate change challenges, which is not the case.

Currently, the emphasis is on having robust stakeholder engagements with relevant parties to foster community inclusive projects. Including communities in the process will achieve the stated objective and impact required. The infrastructure challenge affects the tourism sector's ability to develop community inclusive projects and the landscape for these projects needs to be broadened beyond just the SANParks territories. Additionally, legislation needs to augment community inclusive projects, by ensuring that it is required by law, and not just an optional criterion for good standing.

Legislated community inclusiveness into tourism development projects is limited to SANParks territories. Other areas do not require any community inclusiveness. Some of the tourism participants consider legislation to be a key enabler for active participation of communities in ecotourism hotel developments. TP3 mentioned that similar laws, developed in the country, have been followed successfully; therefore, community inclusiveness also needs to be mainstreamed in the ecotourism hotel development, instead of it being a 'nice to have' criterion. To have effective community inclusive projects, the tourism group of participants recommended stakeholder engagements, to ensure that the needs of all are considered, and satisfied accordingly.

The final section of data collection investigated the stimulation and incentives that the financial services sector required to integrate community inclusion into their daily activities. Firstly, global actors are at the forefront of driving the decarbonisation agenda for South Africa, due to their concessional green finance afforded to the energy sector. Secondly, this allows them unfettered powers to orchestrate how this funding is spent, which results in the funding being funnelled back into their economies, and not benefiting

South Africa much. For the tourism sector, global actors again dominate, as they have the knowledge and depth of setting standards, to be followed by all nations.

This creates tensions and misalignment between global, national and financial services organisations for South Africa, as nation-to-nation dialogue does not consider local community stakeholder engagements. In addition, it neglects discussions with local project developers, who are on the ground, and have more knowledge of what is required for the rapid decarbonisation of both sectors. The resultant impact on inclusivity is that community financing specific mechanisms should be assessed with a commercial lens.

4.3. Summary of the findings

Research reveals that a sound and robust regulatory policy from the government is a key enabler of economic activities in the energy sector, as it provides structure and framework. This stimulates nationwide renewable energy projects, which attract investors locally and globally, because there are clear guidelines and processes to follow. In contrast, the tourism sector's regulatory policy for ecotourism projects is confined to national parks, which limits the sector's ability to create largescale economic activities and attract investors. As a result, the energy sector could mobilise largescale concessional green finance from global investors seeking to contribute to the global JET initiatives, whereas the tourism sector appears limited in this aspect. South Africa has a lower sovereign credit rating, compared to developed countries, which negatively influences the financial services sector's ability to raise funding at attractive interest rates, from domestic capital markets.

Traditional finance, sourced locally, is expensive due to the sovereign credit rating, which negatively influences the sustainability of underlying projects in both sectors. However, the energy sector has a competitive advantage over the tourism sector, as concessional green finance from global investors is used to de-risk the expensive local traditional finance through blended finance mechanisms. Accordingly, green finance unlocks community inclusion in renewable energy projects because it enables the financial services sector to fund the community's equity participation, as required by regulation. The tourism sector mainly achieves community inclusion through job creation and local supplier development, which is a natural impact achieved through project development by any sector of the economy, including energy. Globally, the financial services sectors from developed countries could stimulate

ecotourism and renewable energy projects, using locally sourced green finance, as their capital markets have lower cost of capital.

Decarbonisation of the energy sector is expensive, as most of the components and equipment required for renewable energy projects, have to be imported from developed countries. South Africa still needs to develop and industrialise its manufacturing capabilities for green industries, as well as skills development for a green economy. The tourism sector is dependent on other sectors of the economy to provide basic infrastructure, such as water, transport and energy, which makes tourism a social infrastructure sector. Accordingly, the decarbonisation of the tourism sector requires policy from regulators, to enable cross-sectorial collaborations, to achieve decarbonisation of the sector. South Africa's energy demand far outstrips the available supply, resulting in a slowdown of economic activities across all sectors, due to the national energy crisis.

Renewable energy sources provide intermittent power supply, not robust enough to electrify the nation and provide baseload power. This limits and slows the pace of decarbonisation for the energy sector, as robust baseload power is an essential basic human right and need for communities and industries. Consequently, the tourism sector is also negatively impacted, as it relies on the energy sector's economic infrastructure to decarbonise, by withdrawing hotels from the grid. However, given the social infrastructure nature of tourism, it has potential to scale and achieve rapid decarbonisation, compared to the energy sector, through innovative finance models, such as results-based finance. Developers of ecotourism hotel developments could be incentivised per milestone of results achieved for decarbonising of hotels, by limiting the carbon footprint in hotels on a sectoral basis, regarding transport, water, and energy.

Global actors are the driving force behind the decarbonisation agenda, as they set the global regulation for countries to adhere to, and further provide financing mechanisms, through which decarbonisation could be achieved in developing countries. This creates a moral hazard, as the concessional funding they provide to developing countries, is spent on suppliers from developed countries. Development of decarbonisation projects in South Africa results in developed countries receiving environmental and economic returns from their green concessional funding, which subsequently leads to foreign suppliers of renewable energy components, further making a financial return from developing countries. Funders of concessional green finance require their monies spent on suppliers with good rated renewable

energy supplies, which are mostly in the same countries that provide the green finance. The rating criteria are also determined by global actors; therefore, the current processes for decarbonisation favour global, more than local.

A huge misalignment exists between the three players of the decarbonisation agenda, namely, global, national, and the financial services sector. Adhering to the rapid decarbonisation agenda, as orchestrated by global leaders, creates a 'poison chalice' for South Africa, as this will result in the country having a soft economy, stagnant with intermittent energy supply, and unable to grow an industrialised economy. This will further limit the county's ability to source and develop its own equipment and components required for the decarbonising of its economy. Consequently, decarbonisation will remain expensive for South Africa, with little benefit to the local economy. Apparently, global actors benefit more as they gain financial returns from their concessional green finance, and could boost their respective economies, by ensuring that their funding is spent on their own suppliers.

Localisation of South Africa's industries is fundamental to driving the decarbonisation agenda. This will stimulate growth and the demand for green finance to be circulated within the South African economy, as well as drive job creation for marginalised communities. The inclusion of local communities in renewable energy projects will be boosted and stimulated better than the current low threshold of 2.5% - 5% ownership, as required by law for the REIPPP. Additionally, the local tourism sector is largely dependent on global policy and standards to enable decarbonisation.

The energy and tourism sector both neglect engagement with local communities, during the stages of project scoping and development. Therefore, local community inclusion is limited to government's regulation and policy, which is influenced by global actors. Rapid decarbonisation of both sectors requires engagement with the financial services sectors, along with project developers, as they are on the ground and have more interaction with the local community than the government. Ultimately, the current processes being followed results in government-to-government engagement, between South Africa and developed countries, which process is far removed from what is happening on the ground, as well as what the economy needs.

CHAPTER FIVE

DISCUSSION AND CONCLUSION

5.1. Discussions

The findings of this current research with EPs revealed that REIPPP projects result in lower returns, due to the need to provide additional funding mechanisms, on behalf of the community for their shareholding. This finding corroborates criticisms outlined by Scholtens (2011) that green projects provide below market returns for financial services. This current research further expanded on this view, by exploring remedial actions and mitigants to the lower returns associated with green projects. Data collected from EPs suggest that a sovereign credit rating is critical, as it could lead to low or high pricing for sources of funding. Lower returns for green projects require large sums of concessional green finance, sourced from countries with a good sovereign credit rating. Multilateralism provides a mechanism for globally sourced concessional green finance to be provided to developing countries, such as South Africa, with a poor sovereign credit rating, to attract expensive pricing on capital raised locally.

The research findings revealed that upfront costs for ecotourism are much higher than traditional tourism; however, the operations and maintenance costs are cheaper. This finding concurs with findings of a study by Akomea-Frimpong et al. (2022) on green building projects, which revealed that, although they have high upfront costs, they lead to savings on energy and water, better than traditional buildings in the long term. From an innovation and incentives perspective, this research finds that results-based finance is needed for green finance, to incentivise developers of green projects, who meet certain milestones. This is aimed at stimulating and attracting green investments through innovative green funding mechanisms. This finding validates Wang et al (2022), who also purported that green finance is a platform that channels capital flow into green projects, by incentivising the development of projects. These authors also proposed tax incentives, as an additional tool to stimulate green projects, and attract more decarbonisation projects.

One other objective of this current research, as outlined in the literature review, was to ascertain whether green finance funding mechanisms could play a catalytic role, and crowd-in other funders, with concessional pricing. Indeed, as observed from EPs, who mostly use green

sources of finance, green credit lines from KfW and EIB are frequently used by the IDC, to participate in multi-banked renewable projects, to lower their cost of funds. Additionally, this allows the organisation to participate with commercial banks and devise an optimal cost structure. To triangulate and validate findings from the IDC energy group of participants, the energy participant from PIC corroborated the catalytic nature of green finance, by describing it as a concessional debt instrument that lowers the overall cost of capital for a project.

All the participants indicated that traditional finance is mostly associated with maximising profits, which is problematic; given the associated high interest rates. This finding corroborates literature from Cubas-Díaz & Sedano (2018), who referred to the inability of traditional finance to facilitate decarbonisation, because of the unconcern for the environmental and social aspects of the proejct. Additionally, this research revealed that traditional finance could not contribute positively to the development of ecotourism hotels, still a novelty in the market, requiring concessional financing to stimulate demand and a pipeline of suitable projects from developers. This finding supports literature from Whitehorn et al. (2019), as well as Cubas-Díaz and Sedano (2018), who referred to the inability of traditional finance to contribute postively to the development of ecotourism hotels, and the overall ecosystem, due to its inability to integrate social and environmental metrics in its funding criteria.

The convergence of the literature review and the findings of this current research largely stems from a need to have a cross-sectoral collaborative approach to decarbonisation, as well as to tackle the injustices of climate change. This was echoed from all the participants across the two sectors under investigation. Research reveals a need for the manufacturing sector in South Africa to be supported, to unlock rapid decarbonisation. Local manufacturing will enable South Africa to produce the required equipment needed for the renewable energy projects, such as solar panels, and battery equipment, for hotels to exit the grid. South Africa's energy sector is currently importing some of the components for their renewable projects, making renewables expensive. According to the TPs, economic infrastructure, namely water, roads and transport, as well as energy, is critical and a pre-requisite for the decarbonisation of the tourism sector. The findings from this current study validates the literature of Montmasson-Clair et al. (2019) and Akomea-Frimpong et al. (2022), who highlighted a need for a multiplicity of sectors to collaboratively address the negative impacts of climate change. These authors assert that one single sector cannot tackle climate change and achieve decarbonisation independently.

The findings revealed that regulation is a significant factor for the implementation of decarbonisation for communities, and an inclusive green financed model. The EPs and TPs emphasised how funding communities with green finance is currently a 'nice-to-have', which needs to be included as a standalone KPI, or national regulation, to achieve community inclusiveness. It was observed that job creation and skills development are currently included as KPI to financial services, in line with their developmental mandate. However, community inclusiveness, as ownership, has not been regularised, or enforced. The findings from this current study validate studies conducted by Akomea-Frimpong et al. (2022) and Wang et al. (2022), who indicate that clear regulation and government support would be instrumental in driving green finance and decarbonisation.

Regarding community inclusiveness into green projects, the findings of this current research, particularly from the EPs, reveal that multilateral funds, such as EIB and global development finance institutions, such as KfW, are key enablers for financial services sector in South Africa, to provide finance for community equity shareholding. Access modalities are streamlined within financial services for communities where REIPPP projects are developed, making inclusiveness of community participation possible. These findings corroborate the literature of Manuamorn et al. (2020), who theorise that access modalities represent a major drawback for marginalised communities to access funding. Additionally, Fenton et al. (2014) adds that green finance for communities needs to be improved, and requires multilateral funds to enable efficient access to funds by communities. In addition, Desalegn & Tangl (2022) assert that inclusive green growth requires green finance, which is validated by findings from the TPs and EPs. The TPs indicated that a smaller green grant funding, GTIP, was unable to achieve the stated outcomes and objectives, as it was a smaller fund. This validates assertions by Fenton et al. (2014) that communities require much larger scale green finance mechanisms.

According to data collected for this current research from the TPs, SANParks requires that any hotel development in its territory include local community as part of the shareholders of the business, which is regulated, as no operating concession will be provided until this requirement is met. Additionally, tourism community inclusiveness is validated by literature, indicating that a hotel developed in the Kruger National Park, which lies within a SANParks territory, requires communities to have equity shareholding in the development (Impact Capital Africa, 2021).

Regarding the COVID-19 perspective, TP4 mentioned that financial services credit assessments of the tourism sector have become stricter, resulting in less approvals for the funding of new hotel developments, since the outbreak of the COVID-19 pandemic. The tourism sector was vulnerable to the pandemic, due to government regulations that imposed travel restrictions, and resulted in less travellers to South Africa. This research finding is supported by Fitch Solutions (2021), which states that the South African tourism industry experienced declines in 2021, due to the corona virus pandemic.

The findings from this current research revealed that social inequalities supersede climate change inequalities. South Africa needs a strong solid economy to support its marginalised communities, and bridge the inequality gaps within its societies, by ensuring equal access to basic infrastructure for all; a basic human right. Once social inequalities are addressed, it leads to social inclusion, which translates to lower climate change inequalities than currently experienced. Addressing social inequalities will enable all citizens to tackle the injustices of climate change, from the same platform, with no one ahead of the other. Transitioning communities to be actively involved in the economic activities of South Africa requires an industrialised economy as a pre-requisite. A productive, industrialised economy, in the wake of the current climate change crisis, requires sound country-specific solutions. Globally set measures are far removed from South Africa's current challenges, as national leaders have not adopted locally developed frameworks and solutions, specific for South Africa.

However, the tourism sector relies on other sectors for the reliability and availability of basic infrastructure. All the TPs were aligned in their views regarding ecotourism hotel development requiring collaboration with sectors of the economy, involved in the industrialisation of South Africa. The following are extracts from various representatives:

> TP 1: "*the low carbon economy concept is best achieved by improving the whole value-chain, end-to-end. Transport mode used, Green Buildings ..*"
>
> TP 2 *"a strategy to focus on decarbonisation for Tourism particularly the integration of energy utilisation within the hotel establishment like transitioning from traditional geysers to solar geysers.* The *Tourism sector relies on an industrialised economy with tourists requiring access to basic infrastructure".*
>
> TP 3 *"Tourism Industry mostly forced at the moment to transition due to loadshedding, looking at solar energy".*

TP 4 "In terms of our sector, there should be a lot of collaboration with the energy team internally as to how we can support our hotels to decarbonise their businesses. We need to also think about Transport sector and water infrastructure teams to collaborate with us".

The TPs suggested that ecotourism hotel development relies on energy, water, and transport, to complement their offerings, and enable rapid decarbonised solutions. According to the EPs, the decarbonisation of the energy sector is a two-pronged approach. Firstly, baseload power that is robust and efficient is critical, to drive and stimulate industrialisation. Secondly, rapid decarbonisation could be implemented in other soft sectors of the economy, namely tourism and financial services, as they could be supported by 100% renewables, not being energy intensive sectors. In addition, a complete decarbonisation of the energy sector will lead to a soft economy, resulting in South Africa only being able to support its poor communities through sectors, such as tourism and financial services; mainly support sectors.

A study conducted by Karibu (2016) on the socio-economic infrastructure national development for Nigeria, distinguishes between economic infrastructure and social infrastructure. The author defines economic infrastructure as basic facilities that aid economic development, and includes electricity, transportation, telecommunication, and water. Social infrastructure is defined as basic facilities, needed for human development, such as hospitals, schools and housing, accommodation, museums, and theatres. From this study, it is evident that energy and water would fall under *economic infrastructure*, whereas tourism hotel development would fall under *social infrastructure*. To corroborate the view of Karibu (2016) on social infrastructure, the hotel-accommodation development aspect of tourism falls under the social infrastructure category (Jovanovic, 2016).

5.2. Conclusion

The future development of financing models to decarbonise a developing country like South Africa, incorporating an inclusive green funding model, require an understanding of the dynamics of socioeconomics affecting marginalised communities. Therefore, economic infrastructure and social infrastructure need to be clarified, as this will guide policy makers regarding the approach to each sector. Each sector needs to be approached differently, based on its current challenges, and impact on local communities and industries. It is critical to match

economic infrastructure with the alleviation of social inequalities, and social infrastructure with the alleviation of climate change inequalities.

A green-finance funding model for the energy sector and the tourism sector should not be the same. The energy sector requires the industrialisation of South Africa, while it is critical for the communities to have access to basic human needs and dignity. In addition, the infrastructure provided by the energy sector is critical for economic development. Green finance mechanisms for energy sector need to be structured and aligned with the economic development of the underlying country, whether it is developing or developed. For a developing country like South Africa, green finance for the energy sector needs to solve the current barriers to economic development, which this current research established to be a robust energy supply, to solve the current intermittent energy supply. This is critical to ensure equal access to basic needs for all communities.

The tourism sector provides infrastructure, necessary for human development, and requires immense support from the economic industrial infrastructure, provided by the energy sector and other industrial sectors. Without economic infrastructure, not much can be achieved for social human development needs, which are dependent on the availability of basic infrastructure. Consequently, ecotourism hotel development, with the support of robust industrial infrastructure, could have an accelerated decarbonisation pathway, as it is supplementary to an already existing basic infrastructure. Economic infrastructure for a non-industrialised economy like South Africa should adopt a non-aggressive decarbonisation approach, to ensure that social inequalities are removed through an industrialised economy. Green finance funding models for the ecotourism sector is better positioned to adopt a rapid approach to decarbonisation, to ensure that climate change inequalities are removed. Climate change inequalities are better resolved with the support of existing basic infrastructure that provides equality among all communities.

Tax incentives from regulators could also boost the credibility of green projects, as well as profitability, thereby achieving economic, social, and environmental benefits. South African lawmakers and the national government need to provide incentives for financial services sectors to unlock green finance mechanisms, to enable inclusive rapid decarbonisation. Incentives such as results-based financing schemes could provide stimulation to developers of green projects, based on pre-agreed decarbonisation milestones to be achieved. Financing would be provided

to developers upon achievement of certain criteria, consequently stimulating the ability to achieve future milestones, fostering rapid decarbonisation. Robust policies are also critical for the survival of marginalised communities, through economic infrastructure and social infrastructure.

5.3. Future directions of research

The conclusions reached by this current research need scientific testing in a South African context, and expanded further to an international context. The globally sourced concessional green finance mechanisms, used by local financial services, need to be theorised for their ability to achieve a similar impact, when sourced locally, with a good sovereign credit rating. The question is whether the financial services sector could achieve a similar de-risking approach, if the South African sovereign credit rating was similar to the European standard. Additionally, the level of sovereign credit rating that South Africa must maintain should be determined, to unlock locally sourced concessional green finance, capable of achieving local community inclusivity. A trigger point and threshold level for sovereign credit rating should be determined, which will reveal that South Africa's capital markets interest rates are too expensive for decarbonisation. Reaching this point and level, therefore, will inform the market that concessional finance needs to be sourced from other markets with lower interest rates.

One of the solutions, provided by this current research, to decarbonise the ecotourism sector and stimulate green finance for the sector, was to develop a results-based finance mechanism from green sources of finance. Future researchers need to investigate the actual impact metric measurements required, to determine whether stated outcomes and targets have been achieved by project developers, to reward them accordingly, as part of a Results Based Finance mechanism. This current research revealed that ecotourism is still a novelty among project developers and the industry. The adoption of these impact-based finance mechanisms needs to be tested by conducting case studies to collect data from industry players. In addition, a need exists to broaden the scope of academic studies, culminating from the evolution of ecotourism, which is still in its infancy stages of development in South Africa. Ultimately, the data collected from academic researchers could be used to develop a customised ecotourism industry framework, policies, and regulations, suitable to aid South African decarbonisation in a community inclusive context.

One other theme that emerged from this current study was stakeholder engagement, involving those on the ground. It was observed that global decarbonisation initiatives mostly involve government-to-government engagements, which approach was criticised in this current research, for excluding project developers and financial services dealmakers, who are on the ground. Similarly, this research needs to be expanded to include communities on the ground, to determine how they could be included in projects. Considering the views of the financial services sector only, which is the case in this current research, presents a view from one stakeholder's perspective, which was necessary to saturate findings, triangulate, and maintain objectivity. However, this paves the way for future researchers to conduct qualitative case studies aimed at exploring the dichotomy of local community inclusion and sustainable projects, from the lens of underlying community members. Moreover, as part of future directions of research, the sample size of 8 financial services participants will need to be broadened to address concerns regarding transferability, dependability, and reliability.

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APPENDICES

Appendix A: Tourism Interview Survey Consent Form

Master of Commerce in Development Finance
INTERVIEW/SURVEY CONSENT FORM

Participant name:

I volunteer to participate in a research project conducted by **Isang Tebogo Mabe** as partial fulfilment of the requirements for the **Master of Commerce in Development Finance Degree** at the UCT Graduate School of Business. I understand that the research is designed to gather information about **An inclusive ecotourism green finance funding model for South Africa** and that I will be one of approximately 8 people being interviewed for this research.

Objective(s) of the research

- To compare and contrast green finance with traditional finance
- This research also examines how South Africa can be accelerated to a low carbon economy transition /(decarbonization).
- To explore the potential or possibilities of stimulating community embedded and inclusive green projects.

Ethics approval
The ethical clearance for this study was approved by the UCT GSB Research and Ethics Committee on 1 July 2022

Participation and confidentiality

I understand that my participation in this research is voluntary, that I will not be compensated and that I may withdraw at any time. The interview will take approximately ***30 – 45 minutes*** to complete and **may be audio recorded.**

I understand that I will not be identified by name in any reports using information obtained from this interview and that my confidentiality as a participant in this study will remain secure. Subsequent uses of records and data will be subject to standard data use policies that protect individuals' and institutions' anonymity.

Should you have any questions or concerns please contact me at mbxisa001@myuct.ac.za or my supervisor mundia.kabinga@uct.ac.za.

Consent

I consent to participate in this interview, based on the terms outlined above and subject to the following additional condition of my own (if any).

---------- ----------
Signed by interviewee **Date**

…….. ……..
Signed by Student **Date**

Questions

Section 1: Demographic information

1. For the record, please state your name, your organisation and current position?
2. How did you come to be in your current position?
3. How long have you been working with the organization and in the current position?
4. Overall years of experience in financial services sector?

Section 2: Interview/Survey questions

The three questions aim to find out how the development of ecotourism hotels through green finance can be used to enable communities to deal with negative impacts of climate change in comparison with traditional finance.

Research Sub-Question 1: Green finance (green credit lines) versus traditional finance (conventional finance/loan)

1) **Teaser:** What does your unit fund?
2) What is the estimated portfolio mix? Clean green energy vs traditional/other energy.
3) **Probe:** What role does community embeddedness play in your projects?
4) **Process:** For projects with community involvement, how does financing process work relative to a project without community involvement?
5) **Probe:** Does your portfolio include any green finance or environmentally friendly funded investments?
6) Impact: Do you have any local projects you consider to be the most impactful or least impactful?
    a. Probe: Briefly, what was the project about? Without disclosing project name and other confidential information.
    b. Comparative: Is this through green finance, traditional finance, or mixture of both?
    c. Comparative: Did the project have community embeddedness?
        i. Probe: If not achieved, what were the limitations or barriers?

Research Sub-Question 2: *How can renewables be used to transition South Africa to a low carbon inclusive economy rapidly compared to the ecotourism sector?*

1. What does the Unit think about decarbonization/transition?
2. Probe: How can Transition to an environmentally friendly country be achieved?
    a. Probe: What role can the energy sector or your unit play?
3. Process: Since the advent of COVID-19, have internal (Credit Committees) and external (permits) approvals processes for energy investments changed – better or worse?
    a. Comparative – is this any different for green energy projects vs traditional energy projects
4. Transition: Should the pace of transition efforts be accelerated or decelerated?

a. Impact: What projects have you funded recently in the sector and have the accelerated/decelerated transition/decarbonization? And how?

5. Impact: what do you think your unit can do differently in the future to support accelerated/decelerated decarbonization?

Research Sub-Question 3: *What can be done to stimulate and incentivize the financial services sector to invest in green projects such as renewable energy?*

1. Probe: What would make you invest more in green energy?
    a. Global, national, and organizational factors influencing decision?
2. Process: In relation to investments in clean green energy; are global, national, and organizational factors usually aligned or competing?
    a. If competing, how do you manage the tensions/conflict between them?
3. Impact: Which of the three factors (Global, National, or Organizational) provides more value or is a key driver for decarbonization of your sector?
4. Impact: What needs to be done to invest more in sustainable projects that have community embeddedness?
5. What criteria is used to assess your performance?

Strategic competitive advantage

- Probe: Where you do you see the organization in the next 10 - 20 years
    - Where you do you see yourself in the next 10 -20 years?
- Process: How are you aligning your strategies with broader environmental and social objectives (e.g. SDGs, COP26, NDP)

Appendix B: Energy Interview Survey Consent Form

Master of Commerce in Development Finance
INTERVIEW/SURVEY CONSENT FORM

Participant name:

I volunteer to participate in a research project conducted by **Isang Tebogo Mabe** as partial fulfilment of the requirements for the **Master of Commerce in Development Finance Degree** at the UCT Graduate School of Business. I understand that the research is designed to gather information about **An inclusive ecotourism green finance funding model for South Africa** and that I will be one of approximately 8 people being interviewed for this research.

Objective(s) of the research

- To compare and contrast green finance with traditional finance
- This research also examines how South Africa can be accelerated to a low carbon economy transition /(decarbonization).
- To explore the potential or possibilities of stimulating community embedded and inclusive green projects.

Ethics approval
The ethical clearance for this study was approved by the UCT GSB Research and Ethics Committee on 1 July 2022

Participation and confidentiality

I understand that my participation in this research is voluntary, that I will not be compensated and that I may withdraw at any time. The interview will take approximately ***30 – 45 minutes*** to complete and **may be audio recorded.**

I understand that I will not be identified by name in any reports using information obtained from this interview and that my confidentiality as a participant in this study will remain secure. Subsequent uses of records and data will be subject to standard data use policies that protect individuals' and institutions' anonymity.

Should you have any questions or concerns please contact me at mbxisa001@myuct.ac.za or my supervisor mundia.kabinga@uct.ac.za.

Consent

I consent to participate in this interview, based on the terms outlined above and subject to the following additional condition of my own (if any).

---------- ----------
Signed by interviewee **Date**

…….. ……..
Signed by Student **Date**

Questions

Section 1: Demographic information

1. For the record, please state your name, your organisation and current position?
2. How did you come to be in your current position?
3. How long have you been working with the organization and in the current position?
4. Overall years of experience in financial services sector?

Section 2: Interview/Survey questions

The three questions aim to find out how the development of ecotourism hotels through green finance can be used to enable communities to deal with negative impacts of climate change in comparison with traditional finance.

Research Sub-Question 1: Green finance (green credit lines) versus traditional finance (conventional finance/loan)

1) **Teaser:** What does your unit fund?
2) What is the estimated portfolio mix? Clean green energy vs traditional/other energy.
3) **Probe:** What role does community embeddedness play in your projects?
4) **Process:** For projects with community involvement, how does financing process work relative to a project without community involvement?
5) **Probe:** Does your portfolio include any green finance or environmentally friendly funded investments?
6) Impact: Do you have any local projects you consider to be the most impactful or least impactful?
    a. Probe: Briefly, what was the project about? Without disclosing project name and other confidential information.
    b. Comparative: Is this through green finance, traditional finance, or mixture of both?
    c. Comparative: Did the project have community embeddedness?
        i. Probe: If not achieved, what were the limitations or barriers?

Research Sub-Question 2: *How can renewables be used to transition South Africa to a low carbon inclusive economy rapidly compared to the ecotourism sector?*

1. What does the Unit think about decarbonization/transition?
2. Probe: How can Transition to an environmentally friendly country be achieved?
    a. Probe: What role can the energy sector or your unit play?
3. Process: Since the advent of COVID-19, have internal (Credit Committees) and external (permits) approvals processes for energy investments changed – better or worse?
    a. Comparative – is this any different for green energy projects vs traditional energy projects
4. Transition: Should the pace of transition efforts be accelerated or decelerated?

    a. Impact: What projects have you funded recently in the sector and have the accelerated/decelerated transition/decarbonization? And how?
5. Impact: what do you think your unit can do differently in the future to support accelerated/decelerated decarbonization?

Research Sub-Question 3: *What can be done to stimulate and incentivize the financial services sector to invest in green projects such as renewable energy?*

1. Probe: What would make you invest more in green energy?
    a. Global, national, and organizational factors influencing decision?
2. Process: In relation to investments in clean green energy; are global, national, and organizational factors usually aligned or competing?
    a. If competing, how do you manage the tensions/conflict between them?
3. Impact: Which of the three factors (Global, National, or Organizational) provides more value or is a key driver for decarbonization of your sector?
4. Impact: What needs to be done to invest more in sustainable projects that have community embeddedness?
5. What criteria is used to assess your performance?

Strategic competitive advantage

- Probe: Where you do you see the organization in the next 10 - 20 years
    - Where you do you see yourself in the next 10 -20 years?
- Process: How are you aligning your strategies with broader environmental and social objectives (e.g. SDGs, COP26, NDP)

Appendix C: Table 3.1: Data collection participants interviewed

Tourism Participants (TP)					
Code Name	**Gender**	**Financial Service experience**	**EcoTourism Sector experience**	**Occupation**	**Organisation**
TP 1	Male	17	7	Partner	Edgegrowth
TP 2	Male	12	7	Deal Maker	IDC
TP 3*	Female	12	10	Climate Finance Specialist	IDC *& DBSA*
TP 4	Female	9	7	Deal Maker	IDC
	Average	***13***	***8***		
	Total	50	31		
Energy Participants (EP)					
Code Name	**Gender**	**Financial Service experience**	**Energy Sector experience**	**Occupation**	**Organisation**
EP 1	Female	*10*	8	Senior Deal maker	IDC
EP 2	Female	13	7	Business Development Executive	IDC
EP 3	Male	17	6	Senior Deal maker	IDC
EP 4	Male	15	7	Associate Principal	PIC
	Average	***14***	***7***		
	Total	55	28		

Appendix D: Table 4.1: Finance sources - what it is

Finance sources	Application - Energy & Tourism	Explanation of What it is	Representative quote
Traditional finance is characterised by high pricing.	Due to high pricing, the energy sector only uses traditional finance to augment green finance sources of finance.	Traditional finance is priced higher due to credit risk rating assessments, and the financier's own cost of funds.	"It's mostly only the green finance used for financing projects; however, there are projects where it is blended with traditional finance." EP1 "Traditional finance is more expensive due to the country's credit rating from credit rating agencies." EP2
Green Finance is concessional and supports funders' main source of funding.	Green finance has been characterised as cheaper funding, sourced mainly from international organisations like KfW and EIB, which are notably European based institutions.	Green finance from developed countries attracts low interest rates, and the pricing benefit is passed on to South Africa, as part of pledges to decarbonisation.	"EU countries have made pledges to assist SA to decarbonise by providing concessional green credit lines from KfW." EP1 "Green credit line would be dominant in the blended finance due to concessional pricing. Our source of funding is now expensive and can't be competitive without green finance." EP2 "We have a KFW green credit line and another one with EIB." EP3
	The tourism sector used to have a limited green fund, which was insignificant.	The green funds for the tourism sector have now been depleted, resulting in the sector relying on traditional sources of funding.	"We used to have a green fund for tourism available which encouraged our clients to go greener. The Fund was called GTIP." TP4 "There was a financial instrument available from one of the Government departments, it was very small and wasn't enough to assist most of our clients to have a big meaningful impact to our projects." TP3
	For the tourism sector, green finance is low, limited, or non-existent for this sector.	Ecotourism is still a novelty and tourism financiers are dominant on traditional means of tourism.	"In tourism, we do not have any specific fund for green finance. They have not really focused on that." TP2 "Ecotourism not so popular still becoming knowledgeable about this subsector and only now becoming popular." TP3 "Ecotourism is still a growing part of the tourism sector." TP4.

Appendix E: Table 4.2: Finance sources - How it plays out to process mechanics

Finance sources	Application - Energy & Tourism	Explanation of how it plays out	Representative quote
Community inclusiveness in REIPPP is challenging as it derives low returns through equity funding on behalf of communities.	Regulation from government makes it hard to use "expensive" traditional finance for REIPPP projects because they have a compulsory funding requirement for communities.	Government has tightened the energy finance landscape by requiring all funders of REIPPP to provide funding on behalf of communities.	"Funding of community involvement is the hardest part... IPP office dictates for community equity but does not dictate how and who funds them." EP3 "We have always taken equity with a low equity return requirement for REIPPP than your traditional project." EP4
Availability of Green Finance stimulates green energy portfolios.	EPs predominantly fund REIPPP due to the availability of green finance.	All EPs energy projects are dominated by renewables as they make up the lion share of their portfolios and in certain instances, 100%. There is no rule prohibiting the funding of non-renewables, however, most projects are for green energy primarily due to the scarcity of co-funders for non-renewables.	"Our portfolio is 99% green. We are involved in REIPPPs and C&I." EP1 "We can fund all energy technologies including nuclear and renewables, gas to power. However, we are predominantly funding renewables." EP3 "Our energy portfolio is predominantly REIPPP. No requirement not to fund non-renewables however, we don't have such. It will be difficult to find co-funders for non-renewable projects." EP4
	TPs prioritise traditional tourism projects as they make up a significant portion of their portfolios.	At least 80% of TPs portfolios are traditional tourism projects.	"We are mostly on traditional tourism but do encourage ecotourism." TP4 "There are a few ecotourism in the portfolio, however, most of them have been fully repaid." TP2
	Regulation from Government has resulted in little impact for green hotel developments compared to the energy sector's renewable energy projects.	Ecotourism hotel developments make up about 20% of TPs portfolios. This is common across all TPs.	"Out of a total of R2BN AuM, 20% is towards ecotourism." TP1 "Perhaps about 20% of the portfolio is ecotourism." TP3 "It is a condition from SANParks for a hotel to get a concession to operate in the park." TP2

Appendix F: Table 4.3: Finance sources - How it influences inclusivity

Finance sources	Application - Energy & Tourism	Explanation of How it impacts on Inclusivity	Representative quote
Traditional Finance is not the main funding instruments for community inclusiveness. It is mostly used to blend with large green finance.	Policy framework, rules and guidelines from government authorities prescribe community inclusiveness in REIPPP.	Funders must follow the government's process as outlined through the RFP which advocates for community to have shareholding in projects from 2.5% to 5%.	"Community involvement is outlined in the RFP, as required by the government. It's mostly only the green finance used for financing projects, however, there are projects where it is blended with traditional finance." EP1 "Project Finance models use blended finance approach including Green Credit lines and traditional Finance." EP2 "REIPP dictates that there should be community shareholding ranging from 2.5% - 5%." EP3
Green finance provides opportunities for funding poorer communities.	Green finance is substantially used to support the JET which includes communities.	Green finance provides a basis for impact-driven projects which ensures communities are funded by financial services sector to actively involved in the project. Furthermore, dividends from community shareholding must be used for community's inclusive developments.	"It's mostly only the green finance used for financing projects." EP1 "We fund community's equity stake into the project as part of JET. Dividends are paid to the community for their development such as schools, clinics etc." EP2 "REIPPP projects have Early childhood and drug rehabilitation centres a few bursaries for communities." EP4
	The Tourism sector includes communities though jobs created and by stimulating local suppliers of materials required for hotel development.	Community inclusiveness is achieved indirectly through job creation requiring locals to be hired.	"Community Embeddedness is not a direct criterion that the Funds monitor." TP1 "Impactful projects are achieved through job creation particularly in remote areas." TP2 "Community is involved during the construction phase of the hotel development as workers and also suppliers of materials required." TP3
	TPs mentioned that there is no specific green finance available for the sector. Community inclusiveness is achieved by using existing funds.	The Tourism sector's community inclusiveness is mostly achieved where regulation exists such as the SANParks national parks.	Funds indirectly contributes towards the job creation. Edge Growth's strategic pillars includes IMPACT." TP1 "There are projects with Community Inclusiveness, most of them are in the national parks like Kruger National Park." TP2 "Training locals for skills development to work at the hotel and create jobs for locals." TP3 "In Tourism, we do not have any specific fund for green finance." TP2

Appendix G: Table 4.4: Accelerated or decelerated - What it is

Accelerated or Decelerated Decarbonisation	Application - Energy & Tourism	Explanation of What it is	Representative quote
South African context needs to be considered when accelerating decarbonisation.	South African energy sector needs to transition locals working in non-renewables with green energy skills to facilitate an accelerated decarbonisation.	Local JET skills and local energy security needs are pre-requisites before accelerating decarbonisation.	"In South Africa context, it's about the pace and journey needs to be tailored for our current environment. "We should not be so quick to accelerate decarbonisation when we have energy security challenges." EP1 "We can participate faster and easier if we localise the manufacturing ourselves. This will help to transition locals working in fossil fuel areas e.g., coal." EP2
Accelerated decarbonisation for the energy sector is required. However, the pace is secondary as it is underpinned by having a localised industrial manufacturing sector to lower costs and pricing.	South Africa's Energy sector can only be accelerated to decarbonisation if the country's manufacturing is accelerated.	Manufacturing is a pre-requisite for the development of any new industry, including decarbonisation of the energy sector. Otherwise, renewables will always be expensive and require lots of funding for South Africa.	"Accelerate our manufacturing capabilities in order to accelerate the decarbonisation." EP2 "We need a strong industrial sector; renewable projects require a lot of money as they are very expensive. For a country that wants to industrialise more, we need a strong industrial sector." EP3
Accelerated tourism sector decarbonisation is required, however, the pace is secondary as it is underpinned by having a regulatory framework and policy.	An enabling environment supported by regulatory framework and environment policy will facilitate an accelerated decarbonisation for the tourism sector.	The tourism sector also requires an accelerated decarbonisation. However, TPs noted that this can only be achieved by having a robust regulatory framework and incentivising people to decarbonise.	"It's not a matter of acceleration or deceleration. It's more a matter of creating an enabled environment, policy, guidelines and incentives." TP1 "It should be accelerated; we can incentivize people to get off the grid due to current energy availability." TP2 "We definitely need to accelerate much faster." TP3
	Tourism sector is reliant on other sectors that support it to enable decarbonisation such as Water, Transport and energy.	Cross-sectorial collaboration is vital for the tourism sector to decarbonise.	"There should be a lot of collaboration with the energy, Transport sector and water infrastructure teams to collaborate with us." TP4 "Neutral to the pace. We still need to use our own resources." TP4

Appendix H: Table 4.5: Accelerated or decelerated: How it plays out

Accelerated or Decelerated Decarbonisation	Application - Energy & Tourism	Explanation of What it is	Representative quote
Huge misalignment noted between the pace needed to decarbonise South Africa's energy sector and the country's energy availability	EPs noted that South Africa's energy security is more important than accelerating decarbonisation through renewable energy projects. Any form of energy that will provide a strong baseload power for the country needs to be accelerated.	The country needs to strike a balance between securing energy needs accelerating decarbonisation to a clean green energy future.	"There should be alignment between decarbonisation and energy security." EP1 "If you plough a lot of your resources that are limited to renewables then you short-change yourself in terms of investing into baseload." EP3. "We are an energy-hungry country so you have to accelerate whatever form of energy that will alleviate the shortages." EP4
Accelerating Ecotourism hotel development is challenged by high upfront costs such as off-grid technologies versus developing traditional hotels.	TPs noted high upfront costs associated with developing green eco-friendly hotels being a barrier to an accelerated decarbonisation.	Tourism sector needs to invest in green interventions which cut across other sectors such as energy which leads to high upfront costs.	"Strategy to get hotels semi off grid, asking promoters to come up with loadshedding strategies not generator based." TP2 "Make sure that we invest more in green projects encourage uses of alternative sources of energy used in the project we are funding." TP4 "Upfront costs for ecotourism are much higher, however, in the long-term, it works out cheaper for the operations and maintenance." TP3
COVID-19 pandemic is a game changer and has made energy financing easier and quicker	The energy sector has experienced greater efficiencies in executing projects due to Covid-19 making accessibility of stakeholders quicker and easier.	COVID-19 changed processes followed by EPs. Processes have been improved due to flexibility of allowing online participation by Investment committees and external stakeholders such as bidders and the bidding office.	"COVID-19 has been a game changer; we connect online making it flexible and efficient. Communication is easier with bidders and bidding office." EP1 "Since COVID-19, Investment Committee meetings are now virtual." EP2 "COVID only changed the way we work, hybrid model with online credit committee meetings." EP3
COVID-19 facilitates more investment committee meetings than before due to the virtual intervention employed.	The Tourism sector has experienced similar efficiencies in processes as the energy sector due to COVID-19. However, low demand and appetite due to the sector being vulnerable to Covid.	COVID-19 has led to the improvement of internal processes as approvals of tourism projects are conducted virtually allowing for more meetings than before.	"COVID has expedited internal approval process because investment appraisal process done virtually and attract more committee meetings in a month than previously." TP3 "Approvals are mostly online, and the process has changed fundamentally." TP2 "Due to COVID, we realised that our sector is vulnerable to unforeseen circumstances. We are stricter with our assessment. Our approvals are now lower in recent times post-COVID." TP4

Appendix I: Table 4.6: Accelerated or decelerated: How it influences inclusivity

Accelerated or Decelerated Decarbonisation	Application - Energy & Tourism	How it impacts on Inclusivity	Representative quote
Energy security will back-solve decarbonisation pace required.	Energy security supersedes the decarbonisation agenda	Economic growth is dependent on the country having energy security.	"Do you prioritise decarbonisation over your own national energy security issues? We need to find a balance to ensure we have energy security to advance our economic growth." EP1 "Accelerate whatever form of energy that will alleviate the shortages and help the economy grow. You can't grow the economy without energy." EP4
	Energy security is required to support industries at large. Renewables provide intermittent power supply as addition. Tourism sector is reliant on having an industrialised economy due to requirement of basic infrastructure.	Reducing unemployment and inequalities cannot be achieved with a soft economy provided by renewables with no energy security. Tourism sector needs is dependent on having infrastructure availability.	"A soft economy will not solve the unemployment and inequality that we have here. To support industries, you need energy security and intermittent supply of energy from renewables." EP3 "The Tourism sector relies on an industrialised economy with tourists requiring access to basic infrastructure." TP3
Green Finance that incentivises green hotel developers will stimulate decarbonisation and foster community inclusiveness.	Tourism sector needs to consider having green finance that provides incentives to developers of green hotels for achieving milestones.	Community inclusivity can be achieved if there is a softer and more lenient approach and funding required is made available	"Softer and lenient approach is required though to look into community projects." TP1 "Green finance that stipulates milestones for green property developers to achieve and be incentivised for each milestone achieved." TP3 "Include community development and job creation" TP3

Appendix J: Table 4.7: Stimulation of Financial services - what it is

Stimulation of Financial service sector	Application - Energy & Tourism	Explanation of What it is	Representative quote
Global actors are key drivers of the decarbonisation agenda for the energy sector.	South Africa's energy sector is mostly affected by global actors for achieving local decarbonisation.	Global actors such as the G7 and other developed countries need to provide large pools of concessional green finance for decarbonisation of developing countries.	"Global factors mostly affect ability to decarbonisation because South Africa is not a silo, we are a global trader." EP1 Globally - G7 (and developed countries) need to provide financing institutions in developing countries with large pools of concessional and interest free green credit lines to remedy the industrialisation that occurred in the past. "Global is seen as key driver of decarbonisation due to the funding being made available like green credit line." EP3
There is a big misalignment between Global, National and Organisational actions taken to reach energy sector decarbonisation. Misalignment in South Africa's context mainly due to the proposed pace and agenda not coming from a national level.	Global factors driving South Africa's decarbonisation agenda and pace causes conflict and tension for the energy sector given the current energy security crisis.	The source of decarbonisation agenda and pace is primarily the reason for the misalignment between global, national and organisational actors.	"There is a bit of conflict, global factors forcing you to go green, but you know your local energy security challenges." EP1. "Tensions and conflicts are regarding the pace required. The country and organisation need to be sober in adopting green agenda, not necessarily taking a quick green decarbonisation as coming from global actors." EP3
Global actors are key drivers of the decarbonisation agenda of the Tourism sector.	For the tourism sector, global actors have set clear standards, objectives, and measurements to be followed for green developments.	National and organisational level actors must prioritise accordingly in taking up green investments	"Global is clear in terms of objectives, timelines, and measurements. National – There may be a prioritisation element among Underdeveloped, Developing and Developed nations with regard to take-up of this green eco-friendly investments." TP1 "Global – standards developed need to be enabling and encouraging for developers and financiers to invest in the green space e.g., ISO certification." TP3
The tourism sector is also faced with misalignment between the three actors: Global, National and organisational	National governments make commitments at a global level on behalf of tourism project developers and funders.	National government's interest lies in setting up frameworks and environmental objectives, whereas tourism financiers are after profitability. This causes misalignment in meeting global commitments.	Misalignment globally, countries have signed up to meet UNFCCC and NDC environmental objectives. These commitments are made by government, not by organisations on the ground developing and financing projects." "Tend to clash. More profitability being sought after by financiers, whereas nationally they are more into frameworks, and they are not aligned." TP4

Appendix K: Table 4.8: Stimulation of Financial services - how it plays out

Stimulation of Financial service sector	Application - Energy & Tourism	How it works and plays out	Representative quote
Global regularised rating systems make developed nations like South Africa dependent on global actors.	solar panels used for renewable energy project are subject to rating criteria from the same developed countries that provide concessional green credit lines for developing countries.	Taking up the concessional green finance from global actors compels developing countries to shut down base load power systems and rely on solar power equipment from developed countries.	"Developed countries are in charge of rating solar panels with their own systems; tier 1, 2 or 3 in line with their standards. They can determine that our solars are not fit-for-purpose and thus make developing countries dependent on developed countries." "Global key driver of decarbonisation due to the funding being made available like green credit line. When you take these green credit lines you are almost compelled to shut down your baseload."
Global actors impose green policies for South Africa	The energy sector is bound to green policies from global actors for accepting green concessional funding.	Concessional funding from Developed countries used for renewables leads to a soft economy for South Africa. Whereas coal supply is being sourced from SA for developed countries consumption.	"Big, developed countries are now purchasing coals from SA and imposing policies on SA to go green and not use fossil fuel" EP2 "Global green credit line is a poisoned chalice …leading to a soft economy for SA. We must not necessarily take a quick green decarbonisation as coming from global actor." EP3
There is a difference between global call for actions and what's happening on the ground	For the tourism sector, nothing is seen as materialising despite all global intentions	Financial services and developers are the ones on the ground and not the governments.	"Globally- intentions are there and everyone is encouraged but nothing materialising on the ground." TP2 "Government do not really know what's happening on the ground like financial services and developers." TP3
Ecotourism sector needs incentivise the developers with green finance.	The tourism sector needs tailor made financial instruments for the ecotourism sector to attract relevant developers.	Ecotourism specific green finance needs to provide incentives for developers achieving milestones.	"We need financial instruments that are well designed for ecotourism products as they will attract the right pool of property developers." TP4 "Green finance that stipulates milestones that green property developers can achieve and be incentivised for each milestone achieved." TP3

Appendix L: Table 4.9: Stimulation of financial services - How it influences inclusivity

Stimulation of financial service sector	Application - Energy & Tourism	How it impacts on Inclusivity	Representative quote
Key Performance Indicators (KPI) and community shares stimulates community inclusiveness.	KPIs for financial services sector need to include community inclusiveness and free shares must be given to community.	KPIs for financial services and Community shares will lead to community inclusiveness.	"If community inclusiveness is included in KPIs for financial services, then we would be stimulated to go out to the market and hunt for such deals." EP1 "Community must be given free shares funded by other investors." EP4
	Financing specific to communities is needed for the energy sector.	Community inclusive projects are still looked at from a commercial lens, hence the need for grants and tailor-made financing approach.	"Financing needs to be aligned, need a scheme to incentivise community to start a project." EP1. "Financing and grant schemes are needed because currently looked at as commercial approach." EP3
Community inclusive projects cannot be effective without proper stakeholder engagements and dialogue.	The tourism sector needs to have stakeholder engagements with affected communities	For community inclusiveness to be effective, communities must be included in the decisions making process and drafting stages of sustainable projects.	"The development of these sustainable projects should have all impacted stakeholders included in the drafting stages of these projects." TP1 "Community needs to be included in decision making. When projects are upcoming in their areas, engagements need to be held with locals and get their views." TP4
Laws and regulation is necessary to stimulate community inclusive tourism projects.	Legislation and regulation is required to stimulate big impactful community inclusiveness as opposed to having it as a nice-to-have criterion.	Currently, community inclusiveness is a nice-to-have and not legalised through legislation and in instances where it is achieved, it is limited to SANParks territory.	"Community embeddedness can also be legislated because currently it is a nice-to-have. Legislation level to ensure that it is enforced." TP3. "Projects with Community Inclusiveness - most of them are in the national parks like Kruger National Park. It is a condition from SANParks." TP2

Appendix M: Editorial Certificate

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AQUARIAN PUBLICATIONS

17 November 2023

To whom it may concern

Dear Sir/Madam

RE: Editorial certificate

This letter serves to prove that the thesis listed below was language edited for proper English, grammar, punctuation, spelling, as well as overall layout and style by myself, publisher/proprietor of Aquarian Publications, a native English speaking editor.

Thesis title

AN INCLUSIVE ECOTOURISM GREEN FINANCE FUNDING MODEL FOR SOUTH AFRICA

Author

Isang Tebogo Mabe

The research content, or the author's intentions, were not altered in any way during the editing process, and the author has the authority to accept, or reject my suggestions and changes.

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