

AU-AIP Multi-Country GCF Readiness Climate Resilient Water Investment Initiative

Accelerating mobilisation of finance for climate resilient
water investments in Africa

COUNTRY CAPACITY ASSESSMENT REPORT AND
CAPACITY DEVELOPMENT PLAN

KINGDOM OF ESWATINI

Support for African countries to develop and implement climate resilience water investment programmes

Executive Summary

Eswatini faces significant climate challenges, including acute water stress, agricultural vulnerability, and biodiversity loss, which collectively threaten its sustainable development. To address these issues, the country has committed to reducing water insecurity by 30% by 2030, as outlined in its Nationally Determined Contributions (NDCs). Achieving this goal requires enhanced institutional capacity to access and manage climate finance, particularly from the Green Climate Fund (GCF).

This report presents a comprehensive assessment of Eswatini's readiness to mobilize climate finance and implement climate-resilient water investments under the Continental Africa Water Investment Programme (AIP) and the AU AIP Multi-Country GCF Readiness Support Initiative. It evaluates the capacities of the National Designated Authority (NDA) and two aspiring Direct Access Entities (DAEs)—Eswatini Bank and the Eswatini Environment Authority and assessment of capacity gaps for Executing Entities (EEs).

Key Findings:

- **NDA Strengths:** Legal mandate, regional partnerships, and basic coordination mechanisms.
- **NDA Gaps:** Limited technical expertise, weak monitoring systems, and insufficient gender mainstreaming.
- **DAE Gaps:** Lack of climate risk frameworks, limited experience with GCF safeguards, and inadequate project development capacity.
- **EE Gaps:** Limited understanding of GCF policies, procedures, and country operational modalities, limited technical capacity, inadequate systems for risk management and stakeholder engagement, limited track record in climate-related project execution for some entities, lack of alignment with GCF Performance Measurement Framework, absence of formal ESS frameworks aligned with international standards, weak grievance redress mechanisms and gender mainstreaming strategies.

Summary of Recommendations for Strengthening GCF Project Development and Implementation:

Capacity Building:

- Offer both introductory and advanced workshops on GCF modalities, project cycles, and access pathways.
- Conduct hands-on clinics for proposal writing (Concept Notes, Project Preparation Facility, and full proposals).
- Train staff on risk management, adaptive management, gender analysis, social equity, and inclusive project design.

Strategic Planning & Support:

- Develop GCF-aligned strategic plans for each Executing Entity (EE), with support from National Designated Authorities (NDAs) and Accredited Entities (AEs).
- Provide technical assistance and mentorship for proposal development.
- Support the creation of Stakeholder Engagement Strategies and frameworks.

Knowledge Sharing & Tools:

- Create a GCF Knowledge Hub or online portal with resources, templates, and FAQs.
- Develop and implement Project Management Toolkits tailored to GCF-funded projects.
- Invest in digital monitoring & evaluation (M&E) systems, including GIS and mobile data collection.

Partnerships & Peer Learning:

- Facilitate matchmaking forums between EEs and AEs to build partnerships.
- Establish peer learning exchanges with entities that have strong M&E systems.

Safeguards & Accountability:

- Support development of Environmental and Social Safeguards (ESS) policies aligned with IFC standards.
- Establish or strengthen Grievance Redress Mechanisms (GRMs) with community feedback loops.
- Provide training on GCF results frameworks, indicators, and reporting formats.

Strategic Objectives:

- Strengthen NDA Coordination: Improve GCF engagement, oversight, and gender integration.
- Accelerate DAE Accreditation: Provide targeted training and support for project preparation.
- Build Technical Expertise: Train over 200 professionals in climate finance and adaptation planning.
- Enhance Systemic Enablers: Align policies, mobilize private sector investment, and engage communities.

Capacity Development Strategy:

- Trainings: GCF accreditation, gender mainstreaming, and M&E systems.
- Tools: Digital reporting platforms, early warning systems, and knowledge hubs.
- Technical Assistance: Policy reform, transboundary water governance, and infrastructure resilience.
- Stakeholder Engagement: Formation of technical working groups and regional learning exchanges.

Expected Outcomes by 2027:

- Two accredited DAEs managing GCF funds independently.
- USD 50 million in approved GCF projects focused on water and climate resilience.
- 100% of climate projects incorporating gender and social inclusion metrics.

Budget and Implementation:

- Total Budget: US\$ 10.4 million over three years.
- Phased Approach: Foundation building (2025), systems strengthening (2026), and sustainability (2027).
- Funding Sources: GCF Readiness Grant, Government of Eswatini, AU-AIP co-funding.

ACRONYMS

| | |
|-------|--|
| AE | Accredited Entity |
| AfDB | African Development Bank |
| AI | Artificial Intelligence |
| AIP | Africa Water Investment Programme |
| AU | African Union |
| CNs | Concept Notes |
| CSO | Civil Society Organization |
| DAE | Direct Access Entity |
| DWA | Department of Water Affairs |
| EE | Executing Entity |
| ENTC | Eswatini National Trust Commission |
| ENTC | Eswatini National Trust Commission |
| ESS | Environmental and Social Safeguards |
| EU | European Union |
| EWADE | Eswatini Water and Agricultural Development Enterprise |
| FAO | Food and Agriculture Organization |
| FAQs | Frequently Asked Questions |
| GCF | Green Climate Fund |
| GIS | Geographic Information Systems |
| GRMs | Grievance Redress Mechanisms |
| GWPSA | Global Water Partnership Southern Africa |
| IFC | International Finance Corporation |
| IFRS | International Financial Reporting Standards |
| IUCN | International Union for Conservation of Nature |
| M&E | Monitoring and Evaluation |
| MNRE | Ministry of Natural Resources and Energy |
| MTEA | Ministry of Tourism & Environmental Affairs |

| | |
|-------|--|
| NAP | National Adaptation Plan |
| NCCC | National Climate Change Committee |
| NDA | National Designated Authority |
| NDC | Nationally Determined Contributions |
| NDMA | National Disaster Management Agency |
| PoA | Programme of Action |
| PPF | Project Preparation Facility |
| SADC | Southern African Development Community |
| SID | Siphofaneni Irrigation District |
| SZL | Swazi Emalangen currency of Eswatini |
| UNISA | University of South Africa |

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1 Background

1.1 National Context and Climate Vulnerabilities

Eswatini, a landlocked country in Southern Africa, faces acute climate change impacts that threaten its sustainable development. Eswatini faces significant climate challenges, including water scarcity affecting 70% of rural communities and declining rainfall patterns that exacerbate groundwater stress. To address these issues, the country's National Determined Contributions (NDCs) aim for a 30% reduction in water insecurity by 2030 through integrated basin management and wetland restoration. However, achieving these ambitious targets requires robust institutional capacity to access and manage climate finance effectively, particularly from the Green Climate Fund (GCF). Key Climate Challenges according to the NDC 2022 report are:

- **Water Stress:** 70% of rural communities experience water scarcity, with rainfall patterns becoming increasingly erratic (10-15% decline since 2000).
- **Agricultural Vulnerability:** 60% of the population depends on rain-fed agriculture, with maize yields projected to drop 30% by 2050 under RCP 8.5 scenarios.
- **Biodiversity Loss:** 40% of wetland ecosystems have degraded since 1990, exacerbating flood risks.
- **The Economic Implications** of Climate shocks cost Eswatini 2-3% of GDP annually through: Reduced agricultural productivity, Damaged infrastructure from extreme weather and Increased health burdens (malaria expansion)

To address climate financing needs, Eswatini aims to mobilize Green Climate Fund (GCF) resources, allocating responsibilities according to the structure in **Figure 1**. The National Designated Authority (NDA) is the focal point to GCF and other climate finance mechanisms available to the country. The capacity of the participating institutions is essential to the successful resource mobilisation and subsequent implementation of Eswatini climate action.

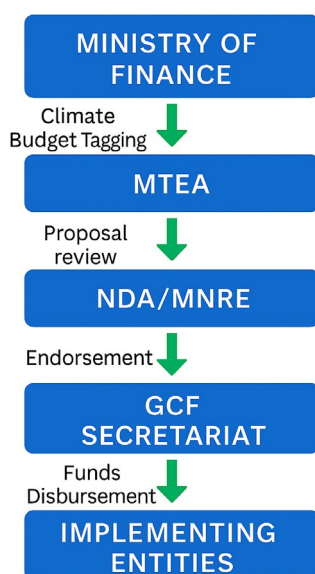


Figure 1: Structure of the climate finance responsibility in Eswatini

Eswatini has established a comprehensive policy structure to guide climate action. **Table 1** explains key national policies, their key provisions and lead institutions. It demonstrates that the country has made substantial progress toward climate readiness to deal with climate change issues.

Table 1: Key Policies for Institutional Coordination Architecture and Policy Framework

| Policy Instrument | Year | Key Provisions | Lead Institution |
|--------------------------------|-----------------|---|---|
| National Climate Change Policy | 2020 | Mainstreaming climate adaptation across sectors | Ministry of Tourism & Environmental Affairs (MTEA) |
| National Adaptation Plan (NAP) | 2022 (Draft) | 12 priority adaptation actions | MTEA with United Nations Environmental programme (UNEP) support |
| To be Revised Water Act | 2023 (revision) | Integrated water-climate governance | Ministry of Natural Resources and Energy (MNRE) |

Table 1 shows the country-established Coordination Mechanisms key policies for the National Climate Change Committee (NCCC). The Chair and the NDA: Principal Secretary, Ministry of Tourism and Environmental Affairs (MTEA) works with 15 members from other ministries, private sector, non-governmental organisations (NGO). The functions of the committee are to align sectoral climate actions with NDC, review GCF project proposals, coordinate climate finance tracking. It is comprised of the following Technical Working Groups: Water-Climate Nexus Group (DWA-led), Climate-Smart Agriculture Task Force (Ministry of Agriculture) and Disaster Risk Reduction Platform (NDMA).

The NDA encounters significant coordination challenges that hinder effective climate finance mobilization. These include fragmented data sharing between ministries, limited local government capacity for climate planning, private sector engagement remains ad hoc, no centralized climate finance tracking system, less than 3% of climate funds are allocated to community-level initiatives and lengthy approval processes (average 14 months for international funds) further exaggerate the problems.

Direct Access Entities (DAEs) are critical intermediaries for channelling Climate Fund (CF) resources to national and local climate initiatives. In Eswatini, two key institutions—Eswatini Bank (financial institution) and the Eswatini Environment Authority (environmental regulator)—are pursuing GCF accreditation. This section assesses their capacities, identifies gaps, and proposes a targeted development plan to strengthen their readiness for accreditation and project implementation under the Continental Africa Water Investment Programme (AIP).

1.2 Rationale

This Capacity Development Plan for Eswatini is designed to align Eswatini's efforts towards water security with the goals of the Continental Africa Water Investment Programme (AIP) and the AU AIP Multi-Country Green Climate Fund Readiness Support initiative. These frameworks emphasize the importance of strengthening institutional capacities in three key areas:

- **Climate Finance Access:** Enhancing the ability of National Designated Authorities and Direct Access Entities to prepare bankable proposals and secure GCF funding.
- **Transboundary Water Governance:** Building technical and institutional capacity to manage shared water resources sustainably and resolve cross-border challenges.
- **Gender-Responsive Project Implementation:** Ensuring that climate-resilient water investments are inclusive and address the specific needs of women and marginalized groups.

This comprehensive assessment evaluates the readiness of two key institutional pillars, The National Designated Authority: Hosted within the MTEA, serving as the primary interface between Eswatini the GCF and other funding sources.

Direct Access Entities: Including Eswatini Bank (a financial intermediary) and the Eswatini Environment Authority (a regulatory body), which are pursuing GCF accreditation to implement climate projects directly.

The report builds on extensive stakeholder consultations, including workshops held in March 2025 with representatives from government agencies, financial institutions, civil society organizations, and development partners. These engagements revealed both systemic challenges and targeted opportunities for strengthening Eswatini's climate finance architecture.

By addressing these capacity gaps, Eswatini can unlock critical climate finance, improve water security, and contribute to continental efforts under the AIP to accelerate water and climate resilience development. This Eswatini Capacity Development Plan (ECDP) serves as a strategic roadmap to guide these efforts and ensure sustainable, transformative outcomes.

2 Strategic Objective

2.1 Overall Objective of Preparing the Capacity Development Plan

The overarching goal of Eswatini's Capacity Development Plan is to strengthen institutional and human capacities to effectively access, manage, and implement climate finance, ensuring alignment with national priorities under the AIP and GCF readiness initiatives. This plan aims to:

- **Enhance coordination** among the NDA, DAEs, and key Executing Entities (EE) stakeholders to accelerate climate-resilient investments.
- **Bridge critical gaps** in technical expertise, governance, and operational systems required for GCF accreditation and project execution.

- **Foster sustainability** by embedding climate finance competencies into national institutions, ensuring long-term self-reliance beyond external support.

2.2 Specific Strategic Objectives

The ECDP is designed to achieve the following targeted outcomes:

2.2.1 Strengthen the NDA's Role as Climate Finance Coordinator

- **Enhance GCF engagement:** Build the NDA's capacity to guide entities through GCF accreditation, proposal development, and fund disbursement processes.
- **Improve oversight:** Develop standardized tools for monitoring climate finance flows and project impacts (e.g., digital Monitoring and Evaluation (M&E) platforms).
- **Gender and inclusion:** Integrate gender-responsive frameworks into all climate finance pipelines.

2.2.2 Accelerate DAE Accreditation and Project Implementation

- **Close accreditation gaps:** Provide tailored training to Eswatini Bank and the Environment Authority on GCF fiduciary standards, environmental safeguards (ESS), and risk management.
- **Project preparation:** Equip DAEs with skills to design bankable, large-scale (>\$10M) climate projects aligned with national NDCs.
- **Stakeholder coordination:** Establish clear workflows between DAEs, the NDA, and EE in sectoral ministries (e.g., water, agriculture).

2.2.3 Build Technical Expertise for Climate Resilience

- **Capacity building:** Train 200+ professionals (government, private sector, NGOs) in:
 - Climate finance mechanisms (e.g., blended finance, carbon markets).
 - Advanced climate modelling and adaptation planning.
 - GCF reporting and compliance requirements.
- **Knowledge management:** Create a national Climate Finance Hub to document lessons and share best practices.

2.2.4 Enhance Systemic Enablers for Sustainable Impact

- **Policy alignment:** Revise the Water Act (2023) and National Climate Change Policy to reflect GCF priorities.
- **Private sector mobilization:** Develop incentives for businesses to invest in climate-smart water and agriculture projects.
- **Community engagement:** Strengthen local governance structures to participate in climate project design and monitoring.

Table 2: Alignment with National and Global Frameworks

| Objective | Links to Eswatini's Priorities | Global Alignment |
|----------------------------|--|-----------------------|
| NDA capacity strengthening | National Climate Change Policy (2020), NDC 2022, | GCF Country Programme |

| Objective | Links to Eswatini's Priorities | Global Alignment |
|-----------------------|--|---|
| DAE accreditation | AIP Investment Plan (2025–2030) | Paris Agreement (Art. 6, Capacity-Building) |
| EE Technical training | Programme of Action (PoA) National Development Strategy (Vision 2022–2027) | UNFCCC Capacity-Building Initiative |

2.3 Expected Outcomes

By 2027, successful implementation of this plan will deliver **two accredited DAEs** capable of managing GCF funds independently, **USD50M in approved GCF projects** focused on water security and climate resilience, and **100% of climate projects** incorporating gender and social inclusion metrics.

3 Methodology

3.1 Overview

The capacity assessment employed a multi-faceted approach to ensure comprehensive and actionable insights. First, stakeholder workshops held in March 2025 brought together representatives from government ministries, civil society, and the private sector to validate preliminary findings and prioritize capacity gaps. Second, the GCF Capacity Needs Assessment Tool was administered to evaluate the NDA's strengths and weaknesses across three dimensions: institutional, individual, and enabling environment.

The assessment also drew on qualitative inputs from bilateral interviews with key actors, including the MTEA, MNRE, MoA and the Global Water Partnership Southern Africa (GWPSA). These inputs were triangulated with desk reviews of national policies, such as the Water Act and Eswatini's Programme of Action (PoA), to ensure alignment with broader development frameworks.

3.2 Multi-dimensional Approach to Capacity Assessment

3.2.1 Data Collection

- **Institutional Surveys:** Structured questionnaires based on GCF's Capacity Needs Assessment Tools, completed by both the NDA and prospective DAEs.
- **Stakeholder Workshops:** Facilitated sessions with 35 participants from key institutions to validate findings and prioritize interventions.
- **Document Review:** Analysis of national policies, including Eswatini's Programme of Action (PoA) and Water Act (2023 draft).

3.2.2 Analytical Framework

Capacity gaps were evaluated across three critical dimensions shown in **Table 3**

Table 3: Evaluations Dimensions Used to Established Capacity Gaps

| Dimension | Assessment Focus | Tools Used |
|----------------------|--|--------------------------------------|
| Institutional | Governance structures, mandates, and operational systems | GCF Institutional Capacity Checklist |
| Technical | Skills in climate finance, project management, and GCF procedures | Skills Gap Analysis Matrix |
| Enabling Environment | Policy alignment, stakeholder coordination, and gender mainstreaming | Policy Mapping Framework |

3.2.3 Prioritization

Capacity gaps were ranked based on: Impact: Potential to accelerate GCF access, Feasibility: Ease of implementation within 2 years and Synergy: Alignment with AIP's continental water security goals.

4 Stakeholders' Analysis

4.1 Key Stakeholders and Roles

The NDA's capacity development hinges on collaboration with a diverse set of stakeholders, each playing distinct roles:

- **Government Entities:** The MNRE and Department of Water Affairs (DWA) are pivotal in policy coordination and GCF project oversight. Their active involvement ensures that climate finance aligns with national priorities, such as the 30% reduction in water insecurity by 2030.
- **Private Sector Actors:** Institutions like Eswatini Bank and mining associations contribute to blended finance models and compliance with GCF safeguards. Their engagement is critical for scaling up investments in climate-resilient water infrastructure.
- **Civil Society Organizations (CSOs):** GWPSA and the Food Security Consortium facilitate community engagement and independent monitoring, ensuring that projects are inclusive and locally relevant.
- **Development Partners:** The African Union (AU) and GCF Secretariat provide technical assistance and accreditation support, bridging gaps in international best practices and local implementation.

4.2 Stakeholder Influence Support Matrix

To strategize engagement, stakeholders were mapped based on their influence and support for NDA capacity development:

- **High Influence, Active Supporters:** MNRE and GWPSA are champions of GCF alignment, offering policy leverage and technical expertise.
- **Medium Influence, Passive Supporters:** Private sector actors, while interested in climate finance, require targeted incentives to transition from passive to active engagement.

- **High Influence, Neutral Parties:** The GCF Secretariat's neutral stance underscores the need for stronger advocacy to secure their technical backing.

5 Capacity Needs Assessment

5.1 Capacity Gaps of the National Designated Authorities (NDAs)

While Eswatini's NDA demonstrates political commitment to climate action, operational capacities require targeted investment to meet GCF requirements. The most acute needs exist in proposal development, gender mainstreaming, and results-based management. Addressing these gaps through the recommended interventions would position Eswatini to: increase GCF funding access by an estimated 300%, improve project approval timelines by 55% and enhance social inclusion in climate investments.

The MTEA, as Eswatini's NDA, has established basic coordination mechanisms but faces critical constraints, recognized legal mandate for climate policy coordination, existing partnerships with regional bodies like SADC and GWPSA and designated focal points for GCF engagement.

5.1.1 Critical Capacity Gaps

- **GCF Proposal Development:** Limited technical expertise in designing bankable climate projects aligned with GCF's investment criteria. To address this issue only 2 out of 5 potential implementing entities have initiated accreditation processes.
- **Monitoring & Evaluation Systems:** No standardized framework for tracking climate finance flows and project impacts. Manual reporting processes delay decision-making.
- **Gender and Social Inclusion:** Climate projects rarely include gender-disaggregated indicators. Minimal engagement with women's groups in project design.

5.1.2 Conclusions of the Capacity Assessment of NDA

Institutional Capacity Overview: The assessment of Eswatini's NDA (Ministry of Natural Resources and Energy-MNRE) reveals a foundational structure capable of basic GCF coordination but requiring significant strengthening in key operational areas:

Strengths Identified: Established legal mandate as the national GCF focal point. Existing coordination mechanisms with line ministries. Active participation in regional climate finance initiatives.

The identified critical deficiencies are summarised in **Table 4**.

Table 4: Identified NDA Critical Deficiencies

| Capacity Dimension | Key Findings | Risk Level |
|----------------------|---|-------------|
| Strategic Leadership | Limited capacity to translate national climate priorities into bankable GCF proposals | High |
| Fiduciary Oversight | No standardized system for tracking GCF-aligned expenditures across ministries | Medium-High |
| Technical Expertise | Only 3 staff members with GCF-specific training out of 12 in climate finance unit | High |

Tables 4 and **Table 5** indicate that the NDA exhibits deficiencies in three areas: Strategic Leadership, Fiduciary Oversight and Technical Expertise. The risk the issues pose are relatively high therefore need to be addressed immediately to guarantee success of the AIP.

Table 5: Core Capacity Gaps in Eswatini NDA

| Capacity Area | Indicator | Severity | GCF Alignment Requirement | Critical Needs |
|-----------------------------------|--|-------------|--|--|
| 1. GCF Engagement & Accreditation | <ul style="list-style-type: none"> • 6-8 month No-Objection process • 2/5 DAEs supported | High | GCF Accreditation Master Guideline 3.2 | <ul style="list-style-type: none"> • Accreditation training • Streamlined approvals |
| 2. Project Pipeline Development | <ul style="list-style-type: none"> • 58% concept note score • 40% lack gender components | High | GCF Investment Framework 5.1 | <ul style="list-style-type: none"> • Results-based design • Investment analysis |
| 3. Monitoring & Evaluation | <ul style="list-style-type: none"> • 4-6 month delays • No central database | Medium-High | GCF Evaluation Policy 2023 | <ul style="list-style-type: none"> • Digital platform • Indicator alignment |
| 4. Gender & Social Inclusion | <ul style="list-style-type: none"> • 0% staff certified • 15% gender indicators | Critical | GCF Gender Policy 2024 | <ul style="list-style-type: none"> • Mainstreaming capacity • Consultation protocols |

5.1.3 Comparative Performance Benchmarking

Eswatini lags the regional average across key capacity indicators when compared to its SADC peers:

- 1) Proposal Approval Time: Eswatini takes 26 weeks to approve proposals, which is 44% slower than the regional average of 18 weeks.
- 2) DAE Support Capacity: Eswatini has only 2 entities providing Direct Access Entity (DAE) support, representing a 43% deficit compared to the regional average of 3.5 entities.
- 3) Gender-Responsive Projects: Only 15% of Eswatini's projects are gender-responsive, falling 23 percentage points (pp) behind the regional average of 38%.
- 4) Climate Finance Tracking: Eswatini's system is partial, whereas the regional standard is comprehensive, indicating a significant system gap.

Eswatini encounters significant challenges in operational efficiency, institutional capacity, inclusivity, and financial tracking, highlighting areas for improvement to align with regional benchmarks. **Table 6** Summaries the results of the benchmark.

Table 6: NDA Capacity Scorecard (vs. SADC Peers)

| Indicator | Eswatini | Regional Average | Gap Analysis |
|----------------------------|------------|------------------|----------------|
| Proposal Approval Time | 26 weeks | 18 weeks | 44% slower |
| DAE Support Capacity | 2 entities | 3.5 entities | 43% deficit |
| Gender-Responsive Projects | 15% | 38% | 23pp behind |
| Climate Finance Tracking | Partial | Comprehensive | System missing |

5.2 Capacity Needs of the Direct Access Entities (DAEs)

Capacity needs for DAEs focused on Eswatini Bank and the Environment Authority. **Table 7** outlines capacity-building interventions by the Eswatini Bank and the Environment Authority, alongside shared activities, to support climate action initiatives. The Eswatini Bank focuses on advancing climate risk modelling training and designing blended finance instruments, while the Environment Authority works on modernizing procurement systems and packaging ecosystem-based adaptation projects.

Together, they collaborate on shared activities such as joint workshops on GCF financial reporting, developing community engagement strategies, and conducting a GCF proposal writing bootcamp spanning three sessions. These efforts aim to strengthen fiduciary standards, ensure environmental and social safeguards (ESS) compliance, and enhance project development capabilities for effective climate action implementation.

Table 7: DAE Capacity Development Matrix

| Capacity Area | Eswatini Bank Interventions | Environment Authority Interventions | Shared Activities |
|---------------------|---|--|--|
| Fiduciary Standards | Advanced climate risk modelling training | Procurement system modernization | Joint workshops on GCF financial reporting |
| ESS Compliance | Gender-responsive lending toolkit development | GCF safeguard policy formulation | Community engagement strategy development |
| Project Development | Blended finance instrument design | Ecosystem-based adaptation project packaging | GCF proposal writing bootcamp (3 sessions) |

5.2.1 DAE Assessment

The assessment reveals distinct profiles for the two aspiring DAEs summarised in **Table 8**.

Table 8: Capacity Assessment for Aspirant DAE

| Entity | Category | Strengths | Gaps |
|--------------------------------|--------------------------|--|---|
| Eswatini Bank | Financial | - Robust financial management (IFRS compliant) | - No dedicated climate risk assessment framework |
| | | - Existing portfolio of agricultural climate loans | - Limited experience with GCF's environmental & social safeguards |
| Eswatini Environment Authority | Environmental | - Mandate for environmental impact assessments | - Procurement systems not aligned with GCF standards |
| | | - Nominated for GCF accreditation | - Only 2 staff trained in climate finance principles |
| Common Challenges | Project Cycle Management | - Limited experience designing projects >\$10M | - Weak integration of climate resilience indicators |

| Entity | Category | Strengths | Gaps |
|--------|---|---|---|
| | Environmental & Social Safeguards (ESS) | - No GCF-aligned grievance redress mechanisms | - Gender inclusion lacks implementation tools |

Table 8 indicates both distinct and common strengths and gaps in the potential DAEs. These were used to establish capacity gaps and development needs. **Table 9** shows the general capacity gaps and recommended actions.

Table 9: General Capacity Gaps and Recommended Actions

| Capacity Gap | Capacity Development Action | Indicator of Progress |
|---------------------------|---|---|
| Proposal Development | 1. Conduct 6-month accreditation training program for all potential implementing entities | 1. 80% of entities complete accreditation training |
| | 2. Establish GCF proposal helpdesk with regional experts | 2. 5 bankable proposals developed annually |
| | 3. Develop project preparation facility with template proposals | 3. Accreditation applications increase by 50% |
| Monitoring & Evaluation | 1. Implement digital M&E platform with GCF-aligned indicators | 1. Real-time reporting operational within 12 months |
| | 2. Train staff on results-based management | 2. 100% of projects use standardized indicators |
| | 3. Establish climate finance tracking unit | 3. Quarterly reports published on schedule |
| Gender & Social Inclusion | 1. Mandatory gender mainstreaming training for project teams | 1. 100% of new projects include gender indicators |
| | 2. Develop gender-sensitive project design toolkit | 2. 30% women participation in design processes |
| | 3. Establish women's climate leadership program | 3. Gender audits conducted annually |

Table 8 shows that:

- Proposal Development gaps should be addressed through accreditation training, a GCF helpdesk, and a project preparation facility, aiming for more accredited entities and bankable proposals.
- Monitoring & Evaluation improvements include a digital platform, staff training, and a tracking unit to ensure real-time reporting and standardized project indicators.

- Gender & Social Inclusion efforts should focus on mandatory training, gender-sensitive toolkits, and women's leadership programs to integrate gender metrics and boost participation.
- Progress is measured by tangible outputs (e.g., 80% training completion, 100% gender-inclusive projects, and quarterly M&E reports).
- The plan aims to drive systemic transformation—enhancing accreditation, accountability, and inclusivity in climate finance projects.

5.3 Capacity Needs of Other Stakeholders-Executing Entities (EEs)

Executing Entity (EE) is an organization through which GCF financing is channelled to enable execution of a GCF Project or Program, or portions of it, under the supervision of an Accredited Entity (AE), this includes national or sub-national government agencies, civil society organizations, private sector entities, or academic institutions.

A Capacity Needs Assessment Tool for Executing Entities was disseminated to relevant stakeholders. The objective of the assessment was to evaluate the institutional and organizational capacities of entities involved in implementing water sector projects, particularly in the context of accessing and managing climate finance called the Executing Entities (EEs). The feedback from this assessment was compiled and presented.

The following Entities by type were assessed:

- Public including academic/research institutions: Eswatini Water and Agricultural Development Enterprise (EWADE), Local Authorities, Siphofaneni Irrigation District, University of Eswatini, University of South Africa (UNISA), Eswatini National Trust Commission (ENTC)
- Private sector entities (Rhodes Food Group, Nisela Farms)
- Civil society organizations (Women Unlimited, World Vision Eswatini)

Each entity was assessed across the following categories with each specifying expected capacities, identified gaps and remarks explaining context of justification:

1. GCF Operational Modalities
2. Project Development (Concept Notes, Funding Proposals)
3. Project Management and Implementation
4. Monitoring, Evaluation and Impact Measurement
5. Environmental and Social Safeguards (ESS)

5.3.1 Summary Findings of the Capacity Assessment of EEs

Common capacity gaps identified:

- Limited understanding of GCF operational modalities.
- Lack of trained personnel for GCF project development.
- Weak systems for monitoring and evaluation aligned with GCF frameworks.
- Inadequate formal frameworks for environmental and social safeguards.
- Need for enhanced stakeholder engagement strategies.

Entities with strong capacity:

- EWADE: Demonstrates robust capacity across all categories, including project execution, stakeholder engagement, and ESS.
- Rhodes Food Group and Nisela Farms: Show strong board-level capacity and project management experience.
- University of South Africa (UNISA) and Sanitize Eswatini: Strong academic collaboration and technical capacity.

Entities needing significant support:

- Local Authorities, Siphofaneni Irrigation District, and Eswatini National Trust Commission (ENTC): Require capacity building in nearly all categories.
- Women Unlimited and Thirst Project Eswatini: Show potential but need targeted training and systems development

5.3.2 Capacity Gaps and Recommended Actions

Table 10 summarises the capacity gaps identified based on the Capacity Needs Assessment Tool for EEs, here are targeted recommendations for capacity building across the key thematic areas assessed

Table 10: Capacity Gaps and Recommended Actions for Executing Entities

| Capacity Area | Gaps Identified | Recommendations |
|--|---|--|
| 1. GCF Operational Modalities & Strategic Alignment | <ul style="list-style-type: none">○ Limited understanding of GCF policies, procedures, and country operational modalities○ Lack of trained staff to support GCF project planning and execution | <ul style="list-style-type: none">○ Introductory and advanced training workshops on GCF modalities, project cycles, and access pathways.○ Develop GCF-aligned strategic plans for each EE, with support from NDAs and AEs.○ Create a GCF Knowledge Hub or online portal with resources, templates, and FAQs (Frequently Asked Questions) |
| 2. Project Development (Concept Notes & Funding Proposals) | <ul style="list-style-type: none">○ Limited technical capacity to prepare Concept Notes (CNs) and bankable proposals○ Weak networks to identify and engage AEs | <ul style="list-style-type: none">○ Conduct hands-on proposal writing clinics focused on CNs, Project Preparation Facilities (PPFs), and full proposals○ Facilitate matchmaking forums between EEs and AEs to build partnerships○ Provide technical assistance through consultants or |

| Capacity Area | Gaps Identified | Recommendations |
|--|--|---|
| | | mentorship programs for proposal development |
| 3. Project Management & Implementation | <ul style="list-style-type: none"> ○ Inadequate systems for risk management and stakeholder engagement ○ Limited track record in climate-related project execution for some entities | <ul style="list-style-type: none"> ○ Develop and roll out Project Management Toolkits tailored to GCF-funded projects ○ Train staff on risk identification, mitigation planning, and adaptive management ○ Support the creation of Stakeholder Engagement Strategies and frameworks |
| 4. Monitoring, Evaluation & Impact Measurement (M&E) | <ul style="list-style-type: none"> ○ Lack of alignment with GCF Performance Measurement Framework ○ Limited use of digital tools (GIS, remote sensing, AI) for real-time monitoring | <ul style="list-style-type: none"> ○ Provide training on GCF results frameworks, indicators, and reporting formats ○ Invest in digital M&E systems and tools, including GIS and mobile data collection platforms ○ Establish peer learning exchanges with entities that have strong M&E systems |
| 5. Environmental & Social Safeguards (ESS) | <ul style="list-style-type: none"> ○ Absence of formal ESS frameworks aligned with international standards ○ Weak grievance redress mechanisms and gender mainstreaming strategies | <ul style="list-style-type: none"> ○ Support development of ESS policies and procedures aligned with International Finance Corporation (IFC) Performance Standards ○ Train staff on gender analysis, social equity integration, and inclusive project design ○ Establish or strengthen Grievance Redress Mechanisms (GRMs) with community feedback loops |

Cross-Cutting Recommendations:

- Create a Capacity Building Roadmap for each EE based on their specific gaps
- Promote regional learning platforms and communities of practice
- Encourage institutional twinning arrangements between high-capacity and low-capacity EEs

6 Capacity Development Strategy

6.1 Trainings

6.1.1 GCF Accreditation Training Program

Intensive 6-month training program to address the critical gap in GCF proposal development skills. The Target Audience: Staff from National Designated Authorities (NDAs), including the NDMA and DWA. Performance Indicator: Full accreditation of NDMA and DWA by Q4 2025.

6.1.2 Gender Mainstreaming Training

Mandatory gender mainstreaming training for all project teams to ensure inclusive climate finance planning. Key Focus Area: Integrating gender-disaggregated data collection systems into project design and implementation.

6.1.3 Monitoring & Evaluation (M&E) Training

Training on standardized tools for project tracking and reporting. Strategic Objective: Strengthen M&E frameworks to enable accurate tracking of climate finance flows and project impacts.

6.2 Tools and Knowledge Sharing

6.2.1 Digital Reporting Platform Development

Implementation of a digital M&E platform to automate reporting processes and generate quarterly climate finance dashboards. Integration with the Continental AIP Scorecard for standardized performance reviews.

6.2.2 Best Practice Documentation System

Development of a knowledge management system to document best practices and facilitate cross-border learning exchanges. Key Focus Area: Adapting the Continental AIP Scorecard for Eswatini's context.

6.2.3 Community Alert Systems

Rollout of early warning systems for hydrometeorological events, supported by predictive analytics tools. Training NDA staff on using advanced modelling software for groundwater management.

6.3 Technical Assistance

6.3.1 Policy and Regulatory Support

Technical assistance for revising the Water Act to align with transboundary water governance frameworks. Responsible Entity: Ministry of Natural Resources and Energy (MNRE).

6.3.2 Transboundary Water Management

Specialized training on international water treaties (e.g., Komati Basin agreements) and conflict resolution frameworks. Joint monitoring systems for transboundary water resources. Performance Indicator: Development of 5-year basin management plans for all transboundary systems.

6.3.3 Climate Adaptation Technical Assistance

Support for infrastructure resilience planning, particularly for Water Service Corporations. Key Focus Area: Strengthening technical capacity for sustainable extraction protocols and monitoring network expansion.

6.4 Others

6.4.1 Formation of Technical Working Groups

Establishment of technical working groups for each capacity domain (e.g., GCF accreditation, transboundary water governance, gender mainstreaming). Strategic Objective: Ensure coordinated implementation of capacity development activities.

6.4.2 Phased Implementation Roadmap

Development of a phased implementation roadmap with clear milestones for NDA capacity strengthening. Includes immediate initiation of the NDA accreditation process and ongoing institutional strengthening activities.

6.4.3 Women's Water Stewardship Programs

Establishment of programs to enhance women's participation in water resource management. Key Focus Area: Building leadership skills and fostering community-level engagement.

6.4.4 Cross-Border Learning Exchanges

Facilitation of peer exchanges with accredited NDAs in neighbouring countries (e.g., Morocco, Zambia). Strategic Objective: Share lessons learned and build regional cooperation.

7 Capacity Development Plan

7.1 Capacity Development Plan for the National Designated Authorities (NDAs)

| Capacity Development Action | Strategy/ Approach | Responsible | Timeline | Budget (SZL) |
|-----------------------------------|--|-------------|-----------------|--------------|
| 1. GCF Engagement & Accreditation | <ul style="list-style-type: none"> Accreditation training Streamlined approvals | GWPSA | Q2-Q4 2025 | 500,000 |
| 2. Project Pipeline Development | <ul style="list-style-type: none"> Monthly design clinics Proposal templates | AU-AIP | Q3 2025-Q1 2026 | 250,000 |
| 3. Monitoring & Evaluation | <ul style="list-style-type: none"> Cloud-based system Quarterly M&E training | DWA | Q4 2025-Q2 2026 | 300,000 |
| 4. Gender & Social Inclusion | <ul style="list-style-type: none"> Mandatory training Advisory panel | DPMO | Q1 2026 | 150,000 |

7.2 Capacity Development Plan for the Direct Access Entities (DAEs)

| Capacity Development Action | Strategy/ Approach | Responsible | Timeline | Budget (SZL) |
|---|-----------------------------|--------------------------------------|------------|--------------|
| 1. GCF Accreditation Workshops | Both DAEs | GCF Secretariat, AU-AIP | Q3–Q4 2025 | 300,000 |
| 2. ESS Policy Development (Environment Authority) | Environment Authority Staff | IUCN, GWPSA | 2025–2026 | 150,000 |
| 3. Climate Risk Training (Eswatini Bank) | Bank's Agri-Business Team | AfDB, Eswatini NDA | Q1 2026 | 200,000 |
| 4. Joint M&E System Development | Both DAEs | MTEA, MNRE, Global Water Partnership | 2026 | 250,000 |
| 5. Joint GCF proposal writing workshop | Both DAEs | FAO, AU-AIP and EU | Q3 2025 | 250,000 |

7.3 Capacity Development Plan for Other Stakeholders-Executing Entities (EEs)

| Capacity Development Action | Strategy/ Approach | Responsible | Timeline | Budget (SZL) |
|---------------------------------------|--|----------------------------------|--------------------|--------------|
| 1. Water Investment Risk Assessment | <ul style="list-style-type: none"> Sector-specific financial training for Eswatini Bank | Eswatini Bank, Financial Experts | Biannual, 2025 | 250,000 |
| 2. Infrastructure Resilience Planning | <ul style="list-style-type: none"> Technical assistance for climate adaptation planning | Water Service Corporation | Ongoing, 2025–2027 | 800,000 |
| 3. Groundwater Management Training | <ul style="list-style-type: none"> Advanced modeling software implementation | NWA, Technical Experts | 2025–2027 | 2,300,000 |

| Capacity Development Action | Strategy/ Approach | Responsible | Timeline | Budget (SZL) |
|--|---|-----------------------------------|----------------------|--------------|
| | <ul style="list-style-type: none"> • Sustainable extraction protocols • Monitoring network expansion | | | |
| 4. Early Warning Systems Implementation | <ul style="list-style-type: none"> • Modernize hydrometeorological equipment • Roll out community alert systems • Train staff on predictive analytics | DWA, Water Service Corporation | Ongoing, 2025–2027 | 1,800,00 |
| 5. Gender Mainstreaming Training | <ul style="list-style-type: none"> • Mandatory gender mainstreaming workshops for all project teams • Establish women’s water stewardship programs | MNRE, Civil Society Organizations | Quarterly, 2025–2026 | 750,000 |
| 6. Digital Reporting Platform Development | <ul style="list-style-type: none"> • Develop and implement a digital M&E platform • CSO verification protocols • Quarterly performance reviews | DWA, Technical Working Group | 2025–2026 | 600,000 |
| 7. Knowledge Management System Development | <ul style="list-style-type: none"> • Adapt Continental AIP Scorecard for Eswatini • Document best practices • Facilitate cross-border learning exchanges | GWPSA, MNRE | 2025–2026 | 350,000 |

8 Overall Plan

8.1 Phased Implementation Approach Gantt Chart

| Phase | Activities | 2025 | 2026 | 2027 |
|--------------------------------|---|-----------|-----------|-----------|
| Phase 1: Foundation Building | Conduct institutional capacity assessments | ■ ■ ■ ■ ■ | | |
| | Establish NDA-DAE coordination committee | ■ ■ ■ ■ ■ | | |
| | Launch EE essential training programs (GCF 101, gender) | ■ ■ ■ ■ ■ | | |
| Phase 2: Systems Strengthening | Implement digital M&E platform | | ■ ■ ■ ■ ■ | |
| | Finalize ESS policies and procedures | | ■ ■ ■ ■ ■ | |
| | Conduct accreditation simulations | | ■ ■ ■ ■ ■ | |
| Phase 3: Sustainability | Develop internal training units | | | ■ ■ ■ ■ ■ |
| | Establish climate finance knowledge hub | | | ■ ■ ■ ■ ■ |

| Phase | Activities | 2025 | 2026 | 2027 |
|-------|------------------------------------|------|------|------|
| | Formalize South-South partnerships | | | |

8.2 Total Budget for NDA Capacity Development Component Over 3 years

| Component | Key Activities | Budget Allocation |
|----------------------|--|-----------------------|
| Trainings | GCF accreditation, gender mainstreaming, M&E training | \$1.55 million |
| Tools & Knowledge | Digital reporting platform, AIP Scorecard adaptation, early warning systems | \$2.75 million |
| Technical Assistance | Policy support, transboundary water management, climate adaptation tools | \$4.8 million |
| Others | Technical working groups, women's stewardship programs, cross-border exchanges | \$1.3 million |
| Total | | \$10.4 million |

8.3 Resource Mobilization Plan

| Funding Source | Amount (USD) | Allocation |
|------------------------|--------------|--|
| GCF Readiness Grant | 1,200,000 | NDA capacity building, DAE accreditation support |
| Government of Eswatini | 500,000 | Institutional systems upgrades and EE training |
| AU-AIP Co-Funding | 350,000 | Regional knowledge exchanges, technical assistance |

9 Conclusion

This report summarizes the key findings and strategic recommendations for Eswatini capacity needs assessment and a development plan to address the gaps. It outlines Eswatini's climate challenges, institutional capacity gaps, and a roadmap for mobilizing climate finance through the Green Climate Fund (GCF).

Eswatini faces acute climate challenges including water scarcity, agricultural vulnerability, and biodiversity loss. These issues threaten sustainable development and require urgent climate-resilient investments.

Key strategic objectives to inform policy include:

- Strengthening NDA coordination and oversight.
- Accelerating DAE accreditation and project implementation.
- Building technical expertise in climate finance and adaptation.
- Enhancing systemic enablers including policy alignment and stakeholder engagement.

The capacity development strategy includes targeted trainings, digital tools, technical assistance, and stakeholder engagement mechanisms. Key interventions include:

- GCF accreditation and gender mainstreaming training.
- Development of digital M&E platforms and early warning systems.
- Policy reform and regional learning exchanges.

The plan will be implemented over three years with a total budget of US\$ 10.4 million. Funding sources include the GCF Readiness Grant, Government of Eswatini, and AU-AIP co-funding.

This report provides a strategic overview of Eswatini's capacity development plan to mobilize climate finance and enhance water security. It serves as a guiding document for stakeholders and development partners committed to climate resilience and sustainable development.