



Background Paper

Overview of the South African Just Energy Transition Partnership

Author :

Henriette Imelda (IRID)

Contributors :

Ann Phang, Alexandra Goritz, Felita Putri, Felix F, Giovanni Maurice Pradipta, Petter Lyden (Germanwatch).

Layout Design :

Maginate Creative Communication

Photo Cover Credit:

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Dam wall spillway Hartbeespoortdam, South Africa.

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A Just Transition in South Africa



The IPCC Sixth Assessment Report 2021 by Working Group I (WG I) scientifically confirms that the main cause of climate change is human activities that produce excessive greenhouse gas (GHG) emissions (IPCC, 2021). The IPCC also states in its report that global efforts are needed to achieve net-zero emissions by 2050, thereby preventing the global average temperature increase from exceeding 1.5°C. If the net-zero emissions target is not achieved by 2050, the global average temperature is expected to increase by more than 1.5°C (IPCC, 2018). For that reason, efforts to reduce GHG emissions are critical to achieving the global goal set out in Article 2.1(a) of the Paris Agreement,¹ in which all corresponding countries agreed to reduce greenhouse gas emissions to prevent the global temperature increase from reaching 1.5°C (Paris Agreement, 2015). One effort that contributes significantly to reducing GHG emissions is acceleration of the energy transition. However, it is also necessary to consider the social and economic consequences, especially for workers and communities heavily dependent on the fossil industry (PCC, 2021).

South Africa is one of the countries currently trying to make a just transition. South Africa's reliance on fossil fuels, especially coal, to generate electricity has led to high GHG emissions, as stated in the Updated Nationally Determined Contribution (NDC) submitted by South Africa in 2021. South Africa's Updated NDC states that a key challenge in implementing its first NDCs (in 2021–2025 and 2026–2030) is the transition in the power sector, including the social and economic implications of this transition, particularly in coal-producing regions. The NDC also states that South Africa will implement South Africa's Integrated Resource Plan, which discusses how existing investments can be directed towards renewable energy and carried out massively in the coming decades. Furthermore, South Africa states that climate actions, as set out in the NDC, will be orientated towards the concept of a just transition. However, South Africa also realises that implementation will require international cooperation with concrete actions in the form of solidarity and support.

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Article 2.1(a) of the Paris Agreement: 'Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognising that this would significantly reduce the risks and impacts of climate change.'



Windfarm on Garden Route South Africa.

At the 26th Conference of the Parties (COP26) in Glasgow, UK, in 2021, the South African government, together with the governments of France, Germany, the United Kingdom, the United States, and the European Union, also known as the International Partners Group (IPG), announced a partnership called the Just Energy Transition Partnership (JETP). The JETP is an effort to mobilise USD 8.5 billion over the next 3–5 years to assist South Africa with decarbonisation. A unique feature of the JETP is the emphasis on a just transition in its investment plans and funding components (UK Cabinet Office, 2022).

Funding mechanisms such as the JETP are expected to be applied to other developing countries with energy-intensive economies. The JETP mechanism explicitly demonstrates that a developing country with an energy-intensive economy incorporates its decarbonisation commitments into its NDCs. Furthermore, in JETPs developed countries, through public and private means, provide funds to support developing countries in

implementing their decarbonisation efforts in their power systems. After South Africa, JETPs will also be implemented in Indonesia and Vietnam, with similar structures and methodology. The success of this cooperative mechanism will indicate that an equitable transition is feasible and fundable and can be a catalyst for inclusive development, where no one is left behind.



The Just Transition Framework in South Africa

Before the JETP announcement at the 26th COP in Glasgow, South Africa had undertaken a series of processes to develop a framework for its just transition. The President of South Africa further established the Presidential Climate Commission (PCC), which is a multi-stakeholder body with the following functions:

- To provide suggestions on the country's response to climate change
- To support a just transition to a low-carbon and climate-resilient economy and society

The PCC is expected to facilitate dialogue between stakeholders on just transition issues to define economic and societal conditions and develop a detailed roadmap to achieve these conditions. One of the tasks assigned to the PCC since its establishment in December 2020 has been to design a just transition framework for South Africa.

The Just Transition Framework is the first building block for achieving a just transition to a low-emission, climate-resilient economy. The framework was adopted by Cabinet in August 2022 and is expected to assist with the coordination and coherence of just transition planning in South Africa (The Presidency Republic of South Africa, 2022). The Just Transition Framework outlines the visions, applicable principles, policies, and governance of the transition. The framework was developed through various studies, policies, and consultations, and by drawing on international best practices. The framework was developed in collaboration with various parties, such as the government, business actors, civil society groups, academic groups, and labour unions. During the development process, the PCC consulted directly with the communities affected by this transition to gain a more comprehensive picture of their needs.



Ground mounted solar power plants, South Africa.

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However, South Africa recognises that there is no 'one-size-fits-all' approach to a just transition. For this reason, each social partner is expected to design its own policies and programmes in line with the specific circumstances, responsibilities, scope of influence, vision, principles, and interventions articulated in the framework. Additionally, the implementation of the framework should consider a gender dimension, youth, and workers in the informal sector (PCC, 2022).

Definition of a Just Transition in South Africa

The Just Transition Framework in South Africa was designed according to the agreed definition of a just transition framework. The definition was concluded based on several documents created by various parties, including the National Planning Commission, and the definition stipulated in South Africa's Climate Change Bill 2022. In addition, this definition considers the various viewpoints that emerged during the multi-stakeholder consultations and community engagement facilitated by the PCC.

The full definition of a just transition from the bill is as follows:

- *A just transition aims to achieve a quality life for all South Africans in the context of increasing the ability to adapt to the adverse impacts of climate, fostering climate resilience, and reaching net-zero greenhouse gas emissions by 2050, in line with the best available science.*
- *A just transition contributes to the goals of decent work for all, social inclusion, and the eradication of poverty.*
- *A just transition puts people at the centre of decision-making, especially those most impacted – the poor, women, people with disabilities, and youth – empowering and equipping them for new opportunities in the future.*
- *A just transition builds the resilience of the economy and people through affordable, decentralised, diversely owned renewable energy systems; conservation of natural resources; equitable access to water resources; an environment that is not harmful to one's health and well-being; and sustainable, equitable, inclusive land use for all, especially for the most vulnerable.*



Aerial photo of solar panels on a rooftop, Cape Town, South Africa.

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Principles of the Just Transition in South Africa

South Africa built the principles of an equitable transition on the declaration of rights, as set out in the South African Constitution in section two. It describes rights related to democratic and political rights, as well as socio-economic rights, such as shelter, health care, food, water, and social services. Other rights include cultural and linguistic community rights and collective development rights, such as environmental and sustainable development and collective organisational and economic activities. These rights are further elaborated in the first part of the National Environment Management Act (Act 107 of 1998), which covers the principles that put people at the centre of decision-making, the responsibilities of producers and polluters, and equal access to environmental resources.



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Aerial view of Cape Town, South Africa.

The just transition in South Africa encapsulates three core principles for achieving a sustainable economy. These principles are distributive justice, restorative justice, and procedural justice, and they are the core focus for intervention in social protection, human resources and skills development, industrial development, economic diversification, and innovation.

A Distributive justice

This principle implies that all risks and responsibilities resulting from the transition should be equitably distributed. The transition must be cognisant of gender, race, and class inequalities. This principle ensures that workers and affected communities do not bear the entire burden of the transition. Responsible parties should bear the adjustment costs resulting from the transition.

For South Africa, the following can be done to ensure the implementation of this principle:

- Equipping people with the skills, assets, and opportunities required to participate in future industries by paying special attention to affected groups, the poor, women, people with disabilities, and youth.
- Implementing a transformative national economy and social policies that clarify how benefits and burdens will be distributed. Also, providing a clear indication of the location of employment opportunities, the location of lost jobs, and the quality and viability of future employment.
- Enhancing provincial and local capacity (both resources and capabilities) to drive local economic development.
- Ensuring corporate responsibility to support a green and inclusive economy.
- Diversifying and broadening social ownership of productive assets to support a just transition and enhance communal participation in scaling up renewables with access and income opportunities.

B Restorative justice

The notion of restorative justice in South Africa's just transition relates to the historical damages against individuals, communities, and the environment, which must be addressed in order to rectify or alleviate the situations of harmed or disenfranchised communities. For instance, the restoration of communities and land was identified as an urgent need by communities during the community consultations conducted by the PCC.

The restorative justice principle could be implemented by the following means:

- Recognising the health and environmental impacts on communities in areas affected by coal and other fossil fuels and supporting all communities' constitutional rights to a healthy environment.
- Shifting away from resource-intensive sectors and fossil fuels to:
 - **enhance ecosystems where communities and community management exist**
 - **increase energy security and reduce energy poverty**
 - **create opportunities for rehabilitation of degraded land, air sheds, and water systems; biodiversity improvement; and job creation.**
- Creating a more decentralised, zero-carbon economy, which allows for greater economic inclusion, ownership, and participation, especially for women and youth.
- Restoring the general socio-economic conditions by improving existing mechanisms, such as equal access to environmental resources, land redistribution, and Broad-based Black Economic Empowerment (B-BBEE).²

C Procedural justice

The principle of procedural justice implies that workers, communities, and small businesses will be equipped and supported during the transition. Therefore, they can define their own development and livelihoods. Procedural justice and social inclusivity are the cornerstone of distributive and restorative justice.

The procedural justice principle could be implemented by the following means:

- Assisting the community to understand the definition of a just transition and discussing together what they agree to and what they do not, openly and transparently.
- Supporting worker and community organisations (unions, civil society groups, advocacy groups, etc.) to participate actively in just transition policymaking processes, ensuring decisions are made in their best interests and allowing them to take advantage of associated opportunities.
- Collaborating actively with a range of stakeholders through an inclusive and participative decision-making mechanism.
- Supporting the design and implementation of just transition projects proposed by individuals and communities in the affected areas.

² B-BBEE is the South African government policy to advance economic transformation and enhance the economic participation of Black people (African, Coloured and Indian people who are South African citizens) in the South African economy.

JETP in South Africa

At COP26 in Glasgow in 2021, South Africa, with IPG³ countries, announced a partnership expected to help South Africa implement its decarbonisation efforts, as stated in its Updated NDC submitted in 2021. The partnership, called JETP, will provide USD 8.5 billion in funding over the next 3–5 years.

The utilisation of the fund is detailed in the JETP Investment Plan (JETP-IP), which includes the time frame, targets, distribution, and division of the USD 8.5 billion. The investment plan also identifies the projects and activities needed to achieve an equitable transition and guidance on using committed funds. Moreover, the IP sheds a bit of light on the administrative structure of the JETP process in South Africa.

The three areas of intervention in the JETP-IP would be as follows:

- Phasing down coal production and diversifying and transitioning away from coal in the coal-reliant areas.
- Assisting the communal shift away from internal combustion engine (ICE) vehicle manufacturing and maintenance.
- Decarbonisation by promoting national diversification and industrial development in innovative productive sectors, including electricity.



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Wind turbine on a lake in the overberg Western Cape, South Africa.

Some of the key priorities of the South African JETP are:

- Accelerated decarbonisation of South Africa's electricity sector, including developing renewable energy sources and strengthening the transmission grid to accommodate new investments in renewable energy.
- Protection for vulnerable workers and communities due to the transition away from fossil fuels.
- Support for ongoing and future reform processes to strengthen the enabling environment needed to implement an equitable transition.
- Accommodation of environmental aspects of the transition, including rehabilitation of mined lands.
- Support for the repurposing of mine sites (e.g. for renewable energy and agriculture).
- Support for technological innovation and development of public and private investment to create green and quality jobs, including in green hydrogen and the electric vehicle sector; and in partnership planning, ensuring that the programme considers South Africa's fiscal challenges.

A Enabling Conditions for JETP Implementation

The implementation of the JETP itself was made possible by the policy reforms South Africa has been undertaking since COP26. These policy reforms confirm that the JETP is highly relevant in assisting South Africa in its decarbonisation efforts. Apart from the policy, several other enabling conditions support the implementation of the JETP in South Africa. Some of these enablers are as follows:

- An updated version of South Africa's Climate Change Bill was tabled for parliamentary consideration in early 2022. This legislation will create a regulatory framework that enables the development of an effective South African response to climate change.
- There has been a similar draft regulation in the electricity sector, covering the establishment of an independent transmission operator, allowing for a competitive electricity market, in addition to restructuring Eskom.
- The PCC has completed the consultation process related to the Just Transition Framework, which was produced on 23 February 2022 for finalisation and submission to Cabinet. This was supported by the release of a discussion document on just energy transition by the South African Department of Mineral Resources and Energy (DMRE), which provided additional substance on South Africa's approach to sustainable transition.
- South Africa is tendering for renewable energy under the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). This is consistent with South Africa's Integrated Resource Plan to build renewable-based power generation.
- South Africa also removed the 100 MW licensing threshold in July 2022, thus paving the way for private investment in renewable energy projects. There is currently around 8.1 GW of renewable energy generation under construction, as stated in the published South Africa JETP-IP, and it is expected that the domestic banking sector will also allocate substantial capital to this. In addition, administrative and regulatory inefficiencies have been eliminated.
- Concerning green hydrogen, South Africa is also developing a Hydrogen Economy Roadmap led by the Department of Science and Innovation and the Industrial Development Corporation, in collaboration with KfW. Identification of potential projects is now underway. USD 21.2 billion has been allocated to the development of the green hydrogen sector from 2023–2027. In addition, there is currently a port under construction at Boegoebaai in the Northern Cape, and this is critical for developing export markets for green hydrogen.
- South Africa launched a green taxonomy in March 2022 that lists assets, projects, and sectors that can be defined as 'green', in line with international best practices and national priorities. The green taxonomy is a voluntary market tool, with associated regulatory guidance expected by the end of 2022 and the development of regulatory instruments in 2023.
- The National Treasury has indicated that the carbon tax rate will increase progressively yearly, reaching USD 20 per tonne CO₂-eq in 2026. In the second phase after 2025, there will be an aggressive increase – to USD 30 in 2030, and accelerating to higher levels in 2035 and 2040, before reaching USD 120 from 2050.
- DMRE is finalising the National Mine Closure Strategy, providing policy clarity and operational guidance on mine closure.
- South Africa is developing the South African Renewable Energy Master Plan, which contains a roadmap to support the expansion of renewable energy sources and supply chains in South Africa.
- South Africa also launched the Sustainability and Climate Change Disclosure Guidance, developed based on the Task Force on Climate-Related Financial Disclosure (TCFD) recommendations issued on 14 June 2022 by the Johannesburg Stock Exchange.

B JETP Governance Structure

Following the announcement of the JETP at COP26, the IPG has been coordinating with its member countries and the South African government. In addition to ensuring the coordination of the central governments of the member countries with their respective missions in South Africa, the IPG ensured that the Development Finance Institutions (DFIs) and the Development Banks, which will be the conduits for the funding from the JETP, established good communication with the South African government.

In February 2022, South Africa established the Presidential Climate Finance Task Team (PCFTT) as the official IPG partner in South Africa (UKCOP26, 2022). The PCFTT will report to the Inter-Ministerial Committee, which is chaired by South African President Cyril Ramaphosa. An official partner of the IPG, the PCFTT is expected to advise the South African Cabinet on the composition, affordability, and regulatory alignment of the JETP funding package; coordinate with the relevant government departments, DFIs, and the private sector; and oversee the development of funding mechanisms and facilities that enable international climate finance

flows to support South Africa's just transition implementation in the power, electric vehicle, and green hydrogen sectors. The PCFTT will also coordinate the mobilisation of funds, including the USD 8.5 billion pledged at COP26.

The partnership is also supported by the JETP Secretariat, which was established to provide technical support and coordination to the partnership in a neutral and objective manner (Wemanya & Adow, 2022). The Climate Investment Fund Board has agreed to provide resources to support the work of the JETP Secretariat. The Secretariat also conducted a series of events in South Africa in early May 2022 to inform its work in support of the development of the JETP, including scope, structure, and timing.

In its structure, the JETP will address the electricity, green hydrogen, and transport sectors (UK Cabinet Office, 2022). Meanwhile, it will be ensured that the just transition agenda and environmental considerations are included in each working group agenda.

C JETP Funding for South Africa

The early details of the JETP funding scheme have been laid out in South Africa's JET-IP. The IPG-approved investment plan includes the sources and the form of the funds, as seen in table 1. The fund will support the implementation of South Africa's climate policy and the infrastructure development of the energy transition in South Africa.

US\$ millions	Grants/TA	Concessional Loans	Commercial Loans	Guarantees	Total (source)
CIF/ACT (\$500m to leverage on additional \$s.1bn)	50	2 555	0	0	2 605
European Union - EIB	35	1 000	0	0	1 035
France	2.5	1 000	0	0	1 002.5
Germany	198	770	0	0	968
United Kingdom	24	0	500	1 300	1 824
United States	20.15	0	1000	0	1 020.15
Total (instrument)	329.7	5 325	1 500	1 300	8455

Table 1 Source and financing instruments of the IPG offer (The Presidency Republic of South Africa, 2022)

South Africa is also currently undertaking a consultation process related to equitable transition as a core element of South Africa's response to the climate change phenomenon. The JETP will be built around relevant components, including funding and an enabling architecture for an equitable transition that provides opportunities for workers and affected communities.

There are currently several bilateral and multilateral initiatives at different stages of readiness to support South Africa in meeting its short- and long-term targets. For example, the Eskom Just Energy Transition project, which targets the repowering and repurposing of the Komati Power Station and has substantial social and just transition components, has been approved by the World Bank Group's Board. The project fund is USD 497 million, consisting of a USD 439.5 million World Bank loan, a USD 47.5 million concessional loan, and a USD 10 million grant.

In addition, there is project preparation for the ongoing Accelerating Coal Transition (ACT) Investment Programme of the Climate Investment Fund (CIF). This support involves approximately USD 200–500 million linked to the country's needs and ambitions. The programme is supported by the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), and the African Development Bank and was submitted for approval in October 2022.

There are also other initiatives related to green hydrogen and electric vehicles, including a partnership between KfW and the Industrial Development Corporation of South Africa, to support potential investments related to green hydrogen. The UK will also support potential investments related to green hydrogen and the development of a hydrogen roadmap.

South African Civil Society Group Responses to the JETP Process

The civil society groups in South Africa has been involved by the PCC during the development and implementation of the Just Transition Framework. The PCC conducted a number of consultative sessions attended by various stakeholders, including representatives of civil society groups, to discuss and consult on capacity and skills gaps.

However, engagement with civil society groups in the JETP process has until recently been sparse (Wemanya & Adow, 2022). Engagement between the PCFTT and PCC has been good, but information on how the JETP is being implemented in South Africa has not been shared in detail with civil society groups and the public. Both access to information and the process of engaging civil society groups are issues.

However, civil society groups continue to express their views on implementing the Just Transition Framework, including the JETP in South Africa. Documents such as the Just Transition Blueprint for Workers by the Congress of South African Trade Unions (COSATU) and Life After Coal by civil society groups in South Africa are important and should be compiled, updated, and communicated to the public and the stakeholders.

In addition, South African civil society groups consider it important that a formalised platform is established where parties can consult one another and share information related to implementation of the Just Transition Framework, including the JETP.

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TRACK 2
DIALOGUE

G7 | G20 TRACK 2 DIALOGUE

G7 | G20 Track 2 Project is a channel to allow 'trickle-down / bottom-up' dialogues between civil society and governments to discuss climate change policies in the context of G20. Our partner CSOs in each country represent the global south countries in these dialogues.



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Participating NGOs :





G7 | G20 Track 2 Dialogue

Germanwatch e.V.

Office Bonn

Kaiserstr. 201

D-53113 Bonn

Phone: +49 (0)228 60 4920

Website: www.germanwatch.org

Office Berlin

Stresemannstr. 72

D-10963 Berlin

Phone: +49 (0)30 5771 3280

E-mail: info@germanwatch.org

IRID

Equity Tower Building Lt. 37

SCBD, Jl Jenderal Sudirman Kav 52-53

Senayan, Kebayoran Baru

DKI Jakarta 12190, Indonesia

Website: irid.or.id

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