

**INETTT**International
Network of
Energy Transition
Think Tanks

Between Vision and Reality: Navigating the Just Energy Transition Partnerships in South Africa, Indonesia and Vietnam

Introduction

On 18 April 2023, the International Network of Energy Transition Think-Tanks ([INETTT](#)) hosted a [webinar](#) to consider the Just Energy Transition Partnerships (JETPs) implemented in South Africa, Indonesia and Vietnam. Think tank partners' representatives from South Africa ([PARI](#)), Indonesia ([IESR](#)) and Vietnam ([VIETSE](#)) discussed the current status quo and the challenges faced by their respective countries in planning and implementing JETPs. The webinar aimed to shed light on the importance of transitioning to green energy while ensuring social equity and inclusivity in the process.

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THE

JUST ENERGY TRANSITION PARTNERSHIPS
IN SOUTH AFRICA, INDONESIA AND VIETNAM

WEBINAR

Between Vision and Reality: Navigating the JETPs in South Africa, Indonesia and Vietnam



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Speakers from South Africa (PARI), Indonesia (IESR), and Vietnam (VIETSE) will discuss the status quo and challenges in planning and implementing a just energy transition in their respective countries. The webinar aims to shed light on ensuring social equity and inclusivity in the crucial transition to green energy.

Tuesday, 18 April 2023

11:30 – 13:00 (Berlin, Johannesburg)

16:30 – 18:00 (Hanoi, Jakarta)

SUMMARY

JETPs in South Africa, Indonesia and Vietnam have benefited from political commitment to energy transition in the power sector and are examples of focused multilateral cooperation for the energy transition. These government-level partnerships aim to assist emerging economies to implement their net-zero emissions commitments and transform their energy systems away from coal. The JETPs funding partners, including the G7, the EU, Norway and Denmark, have committed billions of dollars within the next three to five years — \$8.5 billion (South Africa), \$20 billion (Indonesia) and \$15.5 billion (Vietnam) — to support these countries' self-defined energy transition pathways. Future partnerships with India and Senegal are being negotiated. To achieve efficient, inclusive and equitable transitions, civil voices from businesses and local organizations should be included in the planning and implementation of these JETPs.

Common challenges for an efficient, inclusive and fair implementation of JETPs in South Africa, Indonesia and Vietnam

South Africa, Indonesia and Vietnam face several common challenges that need to be considered for the JETP initiative to be effective.

The surrounding funding framework of the JETP lacks clarity. The uncertainty regarding how and when the funding will materialize, the quantum of the funding, who will manage it and to whom it will be allocated, makes it challenging for these countries to plan and implement their transition strategies effectively. Furthermore, the financing mechanism remains unclear, with an obvious inclination towards concessional loans over grants.

The definition of a “just” energy transition is insufficiently clear. The definition of “just” varies in different local contexts. The partnership must consider the diverse interpretations and ensure that the transition is equitable for all, on the basis of local definitions of “equitable”. To achieve this, the partnership needs to be mindful of the local context and work towards aligning interests across multiple stakeholder groups.

The success of the transition depends on the effective involvement and engagement of local communities, particularly those in coal regions. It is crucial to incorporate their perspectives meaningfully into the planning process, going beyond mere one-way information and formal consultation. The partnership must ensure that all stakeholders, especially marginalized groups, are involved in the process from the early stages, with multiple opportunities for input and with feedback on how their perspectives were taken into account.

Significantly more financial resources must be provided. The investment commitment put forward by the JETP funding parties is a first step but is largely insufficient. The buildout of renewable energy and grid infrastructure required to meet national targets comes with a major investment scale-up. While the funding provided by the JETP funders is a positive start, it is clear that additional financial investment will be necessary for all countries involved in the transition.

To be credible, the JETP implementation must show real commitment from funding parties and deliver tangible results. As JETPs are relatively new mechanisms, it is too early to measure the success of their implementation. Parties from recipient countries have concrete expectations of developed countries. Successful implementation can set a positive example for multilateral cooperation in favor of the energy transition in developing and emerging economies.

In conclusion, while the JETP is a valuable initiative, it must go further to address the concrete challenges faced by South Africa, Indonesia and Vietnam. Clarity around funding and financing mechanisms, the incorporation of local perspectives and scaling-up investments in infrastructure are key to ensuring a successful transition. By addressing these challenges, the JETP can be a powerful mechanism for promoting sustainable energy systems in these countries and beyond.

Country specific challenges

South Africa

The JETP for South Africa was announced in 2021 at COP 26 in Glasgow, making it the first JETP. While it is still too early to draw conclusions on its implementation, several lessons learnt to date can be highlighted.

The design of the JETP in South Africa is facing several challenges that need to be better considered to ensure a successful implementation. One major challenge is an inadequate definition of a "just" transition, specifically the lack of focus on addressing energy poverty. Despite a high electricity access rate in the country, many South Africans struggle to afford (and thus to use) electricity. This context is worsened by the current electricity supply crisis in South Africa that urgently requires new investments in sustainable energy solutions.

Furthermore, there is a lack of unified political and popular commitment to rapid

decarbonization (closure of coal-fired power plants) in South Africa. It has become challenging for the JETP to push for significant changes towards a sustainable energy system given the prevalence of misinformation on the benefits of clean transition and vested interests in the coal industry. This makes it difficult for the JETP to build broad-based support for renewable energy and decarbonization efforts, hindering the transition away from fossil fuels.

The limited funding available for energy transition projects and the South African state's low capability in some areas presents additional challenges. However, with continued efforts and resources, the JETP can help South Africa transition to a more robust, sustainable and just energy system. Along with dealing with techno-economic issues of the power system (filling the under-capacity gap, transforming the system away from coal), it is essential to prioritize tackling energy poverty, address misinformation about renewables and build popular consensus toward rapid decarbonization, for the JETP to achieve its objectives.

Indonesia

The Comprehensive Investment Plan (CIP) of the Indonesian JETP is currently under discussion. CIP is a plan to meet JETP's goal in 2030. The final draft of the Comprehensive Investment Plan is expected to be adopted by August 2023 but according to the government, it will be a living document, which means that it will be updated over time based on the progress in technology development and the progress of the implementation.

In the context of the JETP, Indonesia committed to reaching peak emissions in the power sector by 2030. This requires an immediate coal phase-down and significant investments in renewables, grid infrastructure, energy storage and energy-efficient technology.

Private power utilities' captive power plants also pose a challenge that needs to be addressed through an agreement on early retirement before 2030. Indonesia's goal of 34 percent renewables in the energy mix by 2030 is a good start, however, it falls short of meeting the Paris Agreement target. The current budget of \$20bn from JETP will not be sufficient for accelerating Paris-compatible Indonesia's energy transition. Additional funding and investment will be required for a fully successful transition.

Establishing a local renewable energy industry in Indonesia should also be a key industry policy objective of the JETP implementation. Building local capacity and

expertise will provide broader policy support for an effective transition. In this context, labor and civil society groups should be prepared to engage in consultations and negotiations to ensure a just and equitable energy transition.

Lastly, the implementation of the JETP should be based on mutual trust. The International Partner Group (IPG) should interfere as little as possible in the implementation, empowering the Indonesian government in achieving mutually aligned interests. Collaborations must be carefully managed to ensure that the energy transition is carried out in the best interests of the country and its people.

Vietnam

The Vietnamese JETP was announced in December 2022, with half the budget of \$7.75 billion coming from the public (the IPG with the Asian Development Bank and the International Finance Corporation) and the other half coming from private sector — private financial institutions coordinated by the Glasgow Financial Alliance for Net Zero (GFANZ). Vietnam is aligning its power sector development with its pledge of zero emissions by 2050. This includes a CO₂ emissions peak in the power sector of 170 megatons in 2030 instead of 240 megatons in 2035, a phase-down of coal to 30.2 gigawatts from the current planning of 37 gigawatts and accelerating the adoption of renewables.

The JETP pledged a target of 47 percent renewables generation in 2030. This is the level reached by Vietnam in 2022. To meet this target, half of the additional electricity demand must therefore be met by renewables. The main bottleneck will be the ability to integrate renewables into the grid, which is already a concern today. If not addressed, insufficient investments into the grid will hinder the transition's progress.

To successfully plan for more ambitious transition goals under JETP commitment, upgrading the transmission grid, increasing system flexibility and storage backups are essential. These investments must be implemented intensively in the coming years to achieve 47 percent renewable energy, including hydropower, by 2030. The stagnant renewable energy sector needs a prompt regulatory restart. Despite past uncertainties, international collaboration is crucial for sustainable and resilient energy infrastructure development in Vietnam.

Achieving mutual agreements is a challenging task not only between the Vietnamese government and the IPG but also between the GFANZ, which coordinates the private funding of the JETP with domestic banks. The public funding of \$7.5 billion within 3-5

years is limited compared to the one available in the private sector (which received, for example, over \$8 billion in private capital in 2017). Hence, significantly more investments are necessary to achieve the transition goals.

As in the two other countries, Vietnam should put more effort into ensuring the structured involvement of all stakeholders in planning for a just energy transition — which so far has been limited.

Summary

The JETPs are an initiative aimed at promoting a fair and inclusive transition towards a sustainable and low-carbon energy system. The success of the JETP depends on how it is planned and implemented, with a reflection of local context and challenges. Each country has a unique situation when it comes to the just energy transition. It is essential to ensure that each JETP process considers the needs of the local communities and involves them in the decision-making process. Hence, the JETP should use the opportunity to engage with all relevant stakeholders, including civil society, to adapt the initiative to the local priorities, taking into account political economy contexts. The JETP can be a transition accelerator if it implements the right financial incentives while considering the broader political landscape and context of the recipient countries and engages all stakeholders in the process. This approach will ensure that the transition is fair, just and inclusive.

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