South Africa’s JETP

18 April 2023
Background

- South Africa’s JETP is the first – announced at COP 26 in Glasgow, with a detailed plan for implementing a JETP (2023 – 27) presented at COP 27. The JETP contributes to that plan.

- The vision and objectives of the JETP are articulated in a Political Declaration, which aims to “establish an ambitious long-term partnership to support South Africa’s pathway to low emissions and climate resilient development, to accelerate the just transition and the decarbonisation of the electricity system, and to develop new economic opportunities such as green hydrogen and electric vehicles amongst other interventions to support South Africa’s shift towards a low carbon future.”

- The JETP model is a climate financing approach specifically focused on delivering a just energy transition, defined in terms of mitigating the negative social and economic impact of the move away from coal.

- Funding is linked to the decommissioning of coal plants.

- The Political Declaration committed to the (initial) mobilisation of $8.5bn (within an overall IP of $98bn), but there is currently very little clarity about how/when that funding will materialise or how it will be allocated.

- The JETP’s ’implementation’ is thus linked in multiple ways to the implementation of the over-arching IP, which has only now commenced: the quicker the progress on the IP the quicker (in theory) the milestones for the JETP funding will be. Conversely, evidence of JETP funding can support a more rapid IP implementation.
Is a JETP sufficient to catalyse a JET?

• A JETP is only a contributing input to a (just) energy transition, not a substitute, but it is intended to be a ‘catalytic’ intervention.

• It is based on the assumption that a particular kind of financial incentive package will ‘encourage’ a JET. It is therefore based on the implicit assumptions that:
  1. A country has an existing strong national commitment to a decarbonisation agenda; and
  2. That the promise of access to finance will accelerate the implementation of that agenda.

• This is the vision, but the reality in the South African context is much more complicated, and the obstacles to be overcome in a successful energy transition more numerous and complex than the JETP framework seems to be implying

• We would highlight the following:
  • There is no unified (political or popular) commitment to rapid decarbonisation;
  • The current definition of what constitutes a ‘just’ transition is inadequate to build that popular consensus.
  • South Africa is a low-capability state
Key Issues: Support for coal/opposition to renewables

- ‘Catalytic’ interventions aimed at accelerating transition need to be focused on the issues that are actual barriers to a rapid transition, and not just on the assumption of what those are (although the funding model has disappointed, it is not the most important issue).

- Support for coal (de facto opposition to renewables) is widespread (and appears to be growing). The electricity supply crisis could have been the ideal basis for a rapid transition to renewables, but in some quarters is becoming the excuse for doubling down on coal.

- There are multiple contributors to this state of affairs:
  - Vested interests in coal
  - Large amounts of misinformation re the efficacy of renewables and the reasons for poor coal plant performance
  - The current definition of a “just” transition means little for the vast majority of people: despite the inclusion of a comprehensive definition of justice, the practice reflects a narrow focus on mitigation of decarbonisation and historical impacts of coal mining.
  - The “unjustness” of the current energy system is felt by most South Africans in the inability to access (afford) electricity, but universal affordable access is not a JETP focus area. As a result, there is little alignment between the interests of the JETP and the self-identified interests in the power of the majority of South Africans.

- In this context, the promise of a relatively small amount of funding on barely concessional terms is clearly not going to be any kind of catalyst, or address any of the most important underlying challenges to implementing a JET
Now what?

• In theory, a multi-lateral Just Energy Transition Partnership is an excellent idea: energy transition is a global problem that requires global solutions.

• BUT – it needs to be a partnership in the genuine sense of the word, it needs to be built on much more than the carrot of funding in return for delivering a pre-determined list of objectives

• A meaningful JETP is one that:
  • Is mindful of local context (and the priorities of people in the partner country)
  • Has the long-term goal of creating an alignment of interests around a rapid decarbonisation strategy (which requires a comprehensive and equitable ‘transition dividend’ from that)
  • Is committed to co-creation (with a much wider group than is common) in problem definition and problem solving (including the capability of the state).
Thank you