



3 April 2023

## **Just Energy Transition Investment Plan (JET-IP) and Draft Electricity Recommendations: Comments on behalf of the Life after Coal Campaign and the Fair Finance Coalition Southern Africa**

1. We refer to the above and confirm that these submissions are made on behalf of the Life after Coal Campaign (LAC)<sup>1</sup> and the Fair Finance Coalition Southern Africa (FFCSA)<sup>2</sup>.
2. We address our submissions on [the JET-IP](#) under the headings below. In each section, we make introductory remarks followed by comments and questions.
  - 2.1. JET-IP Context and Background
  - 2.2. Definitions of a Just Energy Transition and Policy Alignment
  - 2.3. JET-IP Funding Requirements and Allocations
  - 2.4. Decarbonising the Electricity Sector
  - 2.5. The Green Hydrogen Economy
  - 2.6. Air quality and regulatory compliance
  - 2.7. Mine Closure and Rehabilitation
  - 2.8. Monitoring, evaluation and due diligence
  - 2.9. Civil society and community consultation and participation
  - 2.10. Conclusion

### **JET-IP Context and Background**

3. The Just Energy Transition Partnership (JETP) between South Africa and an International Partners Group (IPG) comprising France, Germany, the United Kingdom, United States and the European Union, was announced during the COP26 in the form of a [Political Declaration](#). In February 2022, the

---

<sup>1</sup> Life After Coal is a joint campaign by organisations Earthlife Africa, groundWork, and the Centre for Environmental Rights, which aims to: discourage the development of new coal-fired power stations and mines; reduce emissions from existing coal infrastructure and encourage a coal phase-out; and enable a just transition to sustainable energy systems for the people. See <https://lifeaftercoal.org.za/>

<sup>2</sup> The Fair Finance Coalition Southern Africa is a civil society coalition working towards ensuring Development Finance Institutions invest in a socially and environmentally responsible manner. The coalition focuses on issues of climate change and transparency. Fair Finance South Africa consists of 350.Africa, the Centre for Environmental Rights (CER), the Centre for Applied Legal Studies (CALS), the African Climate Reality Project (ACRP), Oxfam South Africa, Earthlife Africa and Justice Ambiental (JA!).

Presidential Climate Finance Task Team (PCFTT) was established, and together with the JETP secretariat, work got underway to draft a JET investment plan (JET-IP).

4. In that same month, LAC and FFCSA [wrote to the PCFTT](#) to offer support to Mr Mminele and his team and request information on the processes which were underway. We later attended an introductory meeting with the PCFTT in July 2022. Consultations on the broad principles for the JET-IP were held in August 2022. This was the first opportunity for civil society to formally engage with this process. The draft JET-IP was not made available during those consultations, although business and industry representatives had participated in drafting or informing the JET-IP as part of JETP Secretariat working groups. The LAC and FFCSA [wrote a second letter to the PCFTT](#) in September 2022. We also commented on the DFFE's [Accelerating Coal Transition Investment Plan](#) (ACT-IP).
5. We recognise that an incredible amount of work went into taking forward South Africa's JETP and Just Transition and that the completion of the final draft of the JET-IP was a mammoth task on the part of the PCFTT. As we have indicated previously, this process could have been enriched by the meaningful participation of civil society in engaging with draft versions of the actual plan, however these lessons should be carried forward, recognising that civil society and other stakeholders hold diverse expertise and experience, as we hope to co-create and design solutions for advancing a truly just transition for South Africa,
6. The JET-IP was approved by Cabinet and the International Partners Group (IPG) in October 2022 and released by the South African Presidency in November 2022, ahead of the COP27. It was indicated during this time that JET-IP consultations with civil society, youth, labour, faith-based and community organisations would be held in early 2023. The first of these consultations, co-ordinated by the Presidential Climate Commission (PCC), were held in February 2023. We have prepared these submissions in response to the PCC's request for written submissions on the JET-IP and ahead of a National Energy Colloquium to be held in April 2023.
7. We understand that these submissions will be compiled into a set of stakeholder recommendations to the Presidency, for purposes of revising the JET-IP. In this context, there are some important questions which arise:
  - 7.1. We understand that the JET-IP is a living document. However, it is unclear as to whether and how civil society comments and recommendations will be considered and incorporated. Please explain in more detail, the process and timeframe for the revision of the JET-IP once the stakeholder recommendations are submitted to the President?
  - 7.2. In these submissions, we raise a number of questions. Please indicate whether we will receive a written response to those questions? While we appreciate the efforts by the PCC to engage on the JET-IP since February of this year, these often leave little time for more detailed and follow up questions, so where possible, written answers would be appreciated. This will allow us to engage in a more effective manner going forward.
  - 7.3. One of the main recommendations below, relate to questions around the inclusion of Green Hydrogen as one of the three priority areas in the JET-IP, a priority which arises from the COP26 Political Declaration. Please indicate whether there is scope for the reconsideration of priority areas in the revision of the JET-IP?
  - 7.4. With Mr Mminele's departure from the PCFTT, please advise on the appointment of a new head of the PCFTT, including any timeframes for such appointment?

## Definitions of a Just Energy Transition and Policy Alignment

8. At the outset, it would be important to reiterate the definition of a Just Transition and Just Energy Transition referred to in the Framework for a Just Transition in South Africa.<sup>3</sup>
9. A Just Transition *“aims to achieve quality of 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 center of decision making, especially those most impacted, the poor, women, people with disabilities, and the youth - empowering and equipping them for new opportunities of 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 of 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.”*
10. The JET-IP proposes the following working definition of a Just Energy Transition for purposes of programme implementation for the next three to five years:

*“A just energy transition in South Africa builds resilient economies and people to meet the NDC targets. It does so by (i) accelerating affordable, decentralised, diversely owned renewable energy systems; (ii) restoring previous and future ecosystems and natural resources impacted by coal mining and energy production; (iii) reskilling present workforces and educating future ones in green and other new and viable development pathways; (iv) building new productive models for comprehensive economic transitions; and (v) supporting various impacted constituencies to play an active role in decisions and implementation of energy transition programs (be it government or non-government actors.”<sup>4</sup>*
11. In considering whether the proposed JET-IP definition of a Just Energy Transition aligns with our established definition of a Just Transition, bearing in mind that our Just Transition also derives meaning from our National Development Plan 2030, it is useful to reflect on the issues which are given emphasis in the NDP, recognising, of course, that some assumptions on and references to energy solutions are out of date. The NDP has a vision which states that by 2030, we have:

*“An environmentally sustainable society, expanded low-carbon economy and reducing emissions and that South Africa has reduced poverty and unemployment to socially sustainable levels, as emissions reach a plateau. Thriving rural communities are providing an economic and social base for a significant number of people. Urban development is more compact and energy efficient. Growing public awareness of the consequences of climate change and unconstrained consumption of our natural resources leads to a refocusing of political priorities towards the protection and rehabilitation of the region’s natural assets.”<sup>5</sup>*
12. A great deal of emphasis is placed on the need to ensure rehabilitation while expanding protected areas and in ensuring, *“support for small scale and rural farmers and ensuring the protection of rural livelihoods,”<sup>6</sup>* in building environmentally sustainable agricultural practices. It is clear that our established definition of a Just Transition as well as the NDP vision for our Just Transition, emphasizes the need to address poverty and inequality while ensuring decentralised energy solutions and a focus on the

---

<sup>3</sup> Just Transition Framework, page 7

<sup>4</sup> JET-IP, page 26

<sup>5</sup> Page 216, NDP

<sup>6</sup> Page 199, NDP

most vulnerable in society. The protection and rehabilitation of the region's natural assets is another key focus.

13. In our view, and on a holistic reading of the JET-IP, these key areas of focus require much greater attention. In this regard:
  - 13.1. The approach to electricity decarbonisation is heavily skewed towards the involvement of the private sector, with very few references to benefits for local communities,<sup>7</sup> and only R1, 65 billion directed towards piloting social ownership models. Both the approach and the allocation needs to be adjusted to ensure a greater focus on *affordable, “decentralised, diversely owned renewable energy systems”*.
  - 13.2. Local manufacturing hubs for renewable energy or electric vehicle components and support for agriculture, particularly focused on the role of small scale and rural farmers, needs far greater attention in the JET-IP. It is unclear as to why there is R319 billion estimated support required for green hydrogen, but so little dedicated to manufacturing and small scale agriculture, especially given that there will be a need for new economic opportunity in coal-affected areas, like Mpumalanga, which has huge potential for expansion in these sectors. In this regard, R1.6 billion is allocated to manufacturing and localising the clean energy value chain, while no allocations to small scale agricultural support for coal-affected and other communities could be found.
  - 13.3. In reference to the ILO Guidelines for a Just Transition,<sup>8</sup> *“managed well, transitions to environmentally and socially sustainable economies can become a strong driver of job creation, job upgrading, social justice and poverty eradication. Greening all enterprises and jobs by introducing more energy and resource efficient practices, avoiding pollution and managing natural resources sustainably leads to innovation, enhances resilience and generates savings which drive new investment and employment.”*
  - 13.4. While the JET-IP refers to social protection, our view is that far more attention and research needs to be done on issues of social investment. It appears that new pathways for social investment are not being considered for purposes of investment, particularly by public finance institutions. These investments are necessary, not as a reactionary measure - which would involve social protection - but as a forward-looking measure designed to ensure proper investment in sectors like manufacturing, agriculture and eco-tourism that are far smaller but potentially more impactful than large infrastructure projects, such as those contemplated in the green hydrogen sector.
  - 13.5. It appears that the JET-IP makes an assumption that there will be a “trickle-down effect” from investment in the private sector and large infrastructure projects, such as in the green hydrogen economy. This is a dangerous assumption and should be thoroughly examined. What is clear from engagement with communities and an assessment of reports on social protection and social investment measures, is that small, local, investments in environmentally sustainable projects should occupy much greater focus in the JET-IP.

### *Transforming Energy*

14. Energy is situated by what people need to do with it in their homes and settlements and by what businesses do in mines, factories, shops and offices. The first priority must be for energy conservation

---

<sup>7</sup> We note the inclusion of references to shareholder options for local communities in relation IPP's but these are wholly insufficient. A lack of detail on these shareholder options as well as tracking and monitoring of benefits to local communities makes it difficult to assess the feasibility of these options.

<sup>8</sup> See Guidelines for a Just Transition towards Environmentally Sustainable Economies and Societies for all - [https://www.ilo.org/wcmsp5/groups/public/@ed\\_emp/@emp\\_ent/documents/publication/wcms\\_432859.pdf](https://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/publication/wcms_432859.pdf)

to minimise consumption – cutting profligate consumption while ensuring that all people have enough. Enough is a lot less if homes are built for thermal efficiency.

15. Enough is also less if settlements are well planned and maintained. ‘Active transport’ – cycling and walking – should be enabled and made safe. This conserves energy and increases health benefits. However, polluted environments deter active transport and reverse the health benefits.<sup>9</sup> In most townships the infrastructure is in disrepair. Roads are potholed, drains are blocked, water pipes leak, sewage spills into the streets and rubbish piles up on the corners. This makes people more vulnerable to the heavy weather of climate change and also wastes energy. Planning for resilience is also about ease of living – amongst other things, how much energy is needed for a full life.
16. Energy efficiency is then the second priority. But efficiency cannot stand alone without conservation because of the Jevons paradox: in a capitalist economy, increased efficiency reduces costs and so leads to the overall expansion of energy use. In South Africa, the policy of providing cheap energy for industry, sustained over the better part of a century, resulted in profligate use accompanied by excessive pollution. Energy regulation should rather penalise profligate use by industry and reward conservation.
17. We call for a focus on reconstructing settlements for sustainability and resilience: fixing township infrastructures, introducing mitigation and adaptation planning, and upgrading shack settlements and housing. This must be done with full public, community and worker participation.

#### *Policy Alignment*

18. We note that there are several national policies referred to in the JET-IP. These include the soon-to-be revised Integrated Resource Plan (IRP), the South African Renewable Energy Masterplan (SAREM), and the Green Hydrogen Commercialisation Strategy (GHCS). These would be in addition to the requirement for an Integrated Energy Plan (IEP).
19. There are also various departmental plans, such as the DMRE’s Draft Just Energy Transition (2021) and the Energy Action Plan developed by the Presidency. In addition, the PCC has produced its own Electricity Planning Recommendations. The JET-IP relies most squarely on Eskom’s Just Energy Transition Plan. Most recently, we have seen the appointment of a national Minister of Electricity and the declaration of a national state of disaster on electricity, together with accompanying regulations.
20. We are very concerned about the alignment of these various national plans as well as departmental powers and functions, together with plans emanating from the Presidency and exemptions being created through the regulations on the national state of disaster.
  - 20.1. Our view is that competing and incoherent plans and policies have the potential to severely undermine the JET-IP, including the ability to mobilise the additional USD 90 billion required over the period 2023 - 2027. A lack of policy alignment and decision-making, including any decisions on extending the life of coal, beyond what is set out in the JET-IP could compromise negotiations for additional funding as well as compromising relationships between South Africa and the IPG. It is therefore of utmost importance that careful attention is paid to these issues.
  - 20.2. Given the role of the PCC in consulting on the JET-IP and the role of the JETP secretariat in implementing the JET-IP, we would like to understand various perspectives on this issue of policy alignment and any plans or engagement that is aimed at addressing this important concern.

---

<sup>9</sup> Lancet Commission on Health and Climate Change 2015

## JET-IP Funding Requirements and Allocations

21. The JET-IP outlines plans for a total of USD 98.7 billion or ZAR 1.5 trillion to be mobilized from 2023 – 2027, of which USD 8.5 billion has been mobilized to date. For ease of reference, these plans are summarised in the tables below.

| USD 8.5 billion IPG Offer (USD, millions)      |  |        |                    |                  |            |          |
|--|--|--------|--------------------|------------------|------------|----------|
| Source   | Proposed allocation  | Grants | Concessional Loans | Commercial Loans | Guarantees | Total    |
| Climate Investment Funds / ACT <sup>10</sup>   | Decommissioning and repurposing Camden, Hendrina, Grootvlei and Mpumalanga Community Development Project   | 50     | 2 555              | 0                | 0          | 2 605    |
| European Union (EIB) <sup>11</sup>             | Decarbonisation in respect of road freight (Transnet)  | 35     | 1 000              | 0                | 0          | 1 035    |
| France (AFD) <sup>12</sup>                     | JET strategic planning, Eskom JET, Budget support. Potentially freight sector  | 2.5    | 1 000              | 0                | 0          | 1 002.5  |
| Germany (GIZ and KfW) <sup>13</sup>            | Grid infrastructure, renewable energy generation, green hydrogen development. Budget support for National Treasury. Sustainable municipal infrastructure             | 198    | 770                | 0                | 0          | 968      |
| United Kingdom <sup>14</sup> (BII, PIDG, AFDB) | Research and development related to decarbonisation, green transportation and energy storage feasibility studies.  | 24     | 0                  | 500              | 1 300      | 1 824    |
| United States (DFC) <sup>15</sup>              | Technical assistance, feasibility studies and pilot projects. Private sector led opportunities in debt, guarantees, political risk insurance and equity investments. | 20.15  | 0                  | 1 000            | 0          | 1 020.15 |

<sup>10</sup> USD 500 million to be channeled through the World Bank and the African Development Bank which is to be used to leverage USD 2.6 billion in concessional loans. The ACT-IP is led by DFFE and Eskom.

<sup>11</sup> The European Investment Bank (EIB) offer comprises USD 35 million in grant facilities and USD 1 billion in two loans of USD 500 million each.

<sup>12</sup> The French development agency (AFD) to provide grants totaling USD 2.5 million and concessional loans totaling USD 1 billion

<sup>13</sup> GIZ is a German Development Agency and KfW is a state owned investment and development bank.

<sup>14</sup> The UK offer includes grants of USD 24 million and partnerships between British International Investment (BII) and Private Infrastructure Development Group (PIDG), and private sector totaling USD 500 million and two guarantee facilities totaling USD 1.3 billion offered through partnership with the African Development Bank.

<sup>15</sup> Grants from USTDA, USAID, Power Africa, State Department and the US International Development Finance Corporation (DFC).

| <b>USD 8.5 billion indicative allocation to the JET –IP (USD)</b> | <b>Allocation</b> | <b>Percentage</b> |
|---|-------------------|-------------------|
| Infrastructure  | 6.9 billion       | <b>82.63%</b>     |
| New Electric Vehicles   | 200 million       | 2.40%             |
| Green Hydrogen  | 500 million       | 5.99%             |
| Planning and implementation capacity                              | 700 million       | 8.38%             |
| Skills Development  | 12 million        | 0.14%             |
| Economic Diversification and innovation                           | 22 million        | 0.26%             |
| Social Investment and inclusion                                   | 16 million        | <b>0.19%</b>      |

| <b>Just Energy Transition Investment Plan, Funding Requirements (2023 – 2027) (ZAR)</b> |                      |
|---|----------------------|
| Electricity   | 1 030. 4 billion     |
| New Electric Vehicles   | 128 billion          |
| Green Hydrogen  | 319 billion          |
|   | <b>1.48 trillion</b> |

| <b>Just Energy Transition Investment Plan, Funding Requirements (2023 – 2027) (ZAR)</b> |                      |
|---|----------------------|
| <b>Electricity</b>  |                      |
| Decommissioning of coal plants  | 4.1 billion          |
| Solar   | 233.2 billion        |
| Wind  | 241.7 billion        |
| Transmission grid strengthening   | 131.8 billion        |
| Distribution (Eskom and Municipality Capacity)  | 13.8 billion         |
| Batteries   | 23.1 billion         |
|   | <b>647.7 billion</b> |
| <b>Electricity Sector Just Transition Investment Needs</b>                              |                      |
| Manufacturing and localizing the clean energy value chain                               | 1.6 billion          |
| Piloting social ownership models  | 1.65 billion         |
|   | <b>3.25 billion</b>  |

| <b>Just Energy Transition Investment Plan, Funding Requirements (2023 – 2027) (ZAR)</b> |                     |
|---|---------------------|
| <b>Mpumalanga Just Transition Investment Needs</b>                                      |                     |
| Repurposing coal plants   | 3.4 billion         |
| Repurposing coal mining land  | 13 billion          |
| Improving infrastructure for development  | 12.3 billion        |
| Diversifying local economies  | 24 billion          |
| Caring for the coal workforce   | 5.6 billion         |
| Investing in youth and preparing future generations for the transition                  | 750 million         |
| Planning for success  | 300 million         |
| Instituting policies for post mining development  | 50 million          |
| Building Capacity for success   | 1 billion           |
|   | <b>60.4 billion</b> |



22. The investment plan outlines three areas of focus: decarbonisation of the electricity sector; electric vehicles and the Green Hydrogen economy. We know, from the investment plan, that only 4% of the \$8.5 billion will come into the country as grant financing. The rest of the money will be 63% concessional loans; 18% commercial loans; and 15% guarantees. We know that the IPG will also be mobilising this money, and it will flow into the country through a variety of institutions. Some of the financial intermediaries who will be involved are the World Bank; European Investment Bank; Development Bank of Southern Africa; African Development Bank; New Development Bank (BRICS Bank); Public Investment Corporation; KfW (German Development Bank); AFD (French Development Agency); PIGD (UK development arm); and Development Finance Corporation (US Development Agency - private sector partners only).
23. It is clear that Public Finance Institutions (PFIs) have a critical role to play in South Africa's JET-IP. The FFCSA has had immense experience in engaging with PFIs, including in the assessment of PFI policies in accordance with the Fair Finance Research Methodology. We refer to [the latest FFCSA policy assessment](#) report as well as CER's [Financing Fairly report](#) which summarises the results of assessing the finance and investment policies of PFIs. These reports include important information on PFIs and highlight their important role in pursuing inclusive and sustainable development, and as public institutions, maintaining a publicly accountable mandate. With our interest and experience in relation to understanding and assessing PFIs, together with LAC's experience in engaging with communities who will be most affected by coal plant closures, we have a special interest in accessing financial and project related information. We therefore request responses to the following:
- 23.1. There have been a number of questions during consultations on the JET-IP about debt and the ability of South Africa to accumulate and sustain additional debt. An example of such an agreement is the agreement between South Africa and Germany. The JET-IP states that, "South Africa and Germany have formed a bilateral relationship in recognition of South Africa's GH2 potential. In its effort to source GH2 and support South Africa's development, the German government, through KfW (Credit Institute for Reconstruction) and GIZ (German Agency for International Cooperation), is providing co-funding to selected GH2 projects in South Africa in the form of grants, technical assistance, project development funds, and *concessionary debt*."<sup>16</sup>
- 23.2. Please provide more detailed information on how debt risks will be managed and please indicate the mechanisms for ensuring enhanced transparency related to:
- 23.2.1. The levels of debt that will be accumulated as a result of the mobilisation of finance for the JET-IP, including for finance which has already been mobilised;
- 23.2.2. Access to the loan agreements between JET-IP funders (be they public finance institutions, directly or as financial intermediaries or private institutions) and the South African government (National Treasury or project or programme implementation institutions), with reference to debt repayment schedules and related information.
- 23.3. The JET-IP states that the IDC's involvement in JET projects is "valued at R24.5 billion and pipeline projects are valued at R12.3 billion."<sup>17</sup>
- 23.3. 1. Please explain whether these amounts are already factored into the JET-IP and if so, please provide more detail? Which JET projects are being referred to in this project and will any of these investments support gas or nuclear projects?

---

<sup>16</sup> JET-IP, page 93

<sup>17</sup> JET-IP, page 125



23.4. Similarly, it is stated that, “in addition to JET-related financing of R81 billion, the New Development Bank (NDB) has pledged a further R45 billion over the next five years in co-financed investments for decommissioning coal-fired power stations, transmission lines investments and green hydrogen.”

23.4.1. Please explain whether these amounts are already factored into the JET-IP and if so, please provide more detail? Which JET projects are being referred to in this project and will any of these investments support gas or nuclear projects? What are the percentage allocations to the various sectors?

## **Decarbonising the Electricity Sector**

24. Eskom can no longer produce electricity at a price that people or businesses can afford. In a country where over 55% of people are poor, according to official statistics, and another 20% of people are at risk of falling into poverty, many are having to choose between food and the means to cook it.
25. The extremes of poverty and inequality result from the concentration of wealth within the minerals energy complex (MEC). The escalation of prices results from the attempt to reproduce the MEC power model: digging more coal to feed the biggest possible power stations to supply ‘cheap and abundant’ base-load power to energy intensive industries. Costs have been driven up primarily by the ‘new build’; the rising costs of coal and, more recently, diesel; and by corruption, starting with the award of the boiler contract to Hitachi for the benefit of the ruling party.
26. The MEC model, in decline for the past decade, has all but collapsed. The energy intensive users’ group (EIUG) who previously demanded the big coal fired power plants have now abandoned it in favour of privatised renewable energy. In the process, they are leaving the bill for the new build with the rest of society.
27. It is clearly imperative that the electricity system should move off coal and onto renewables as fast as possible. At 1.2°C of global heating above the 1850-1900 average (taken to represent pre-industrial levels), climate damages are escalating, poor people get the worst of it, and several critical ‘tipping points’ may already be triggered.<sup>18</sup> The 1.5°C limit may be breached within this decade and the 2°C limit will follow without dramatic reductions in greenhouse gas emissions, particularly of carbon dioxide and methane.
28. We hold that the following are incompatible with a just transition:
- 28.1. new fossil fuel projects;
  - 28.2. privatisation and other forms of enclosure;
  - 28.3. false climate solutions including geoengineering, carbon capture and storage and offsetting; and
  - 28.4. nuclear power which is bad for democracy, bad for the environment and unaffordable.

### *Decommissioning*

---

<sup>18</sup> Damian Carrington, World on brink of five ‘disastrous’ climate tipping points, study finds, The Guardian, 8 September 2022 <sup>19</sup> JET-IP, pages 43 and 49.

29. We note the intended coal plant closure dates in the JET-IP,<sup>19</sup> which involves Medupi and Kusile operating until 2050. We would support much earlier plant closure dates for these plants, recognising that the rapid introduction of solar and PV generation capabilities at scale will be necessary to ensure earlier plant closure dates.
30. We are concerned about the lack of policy alignment in ensuring coal plant closures, at the very least, in terms of Eskom's proposed decommissioning schedule. In this regard, we note the comments of the new Minister of Electricity, who on a recent visit to the Grootvlei coal power plant, [indicated plans to extend the life of the plant](#) beyond what is anticipated in Eskom's decommissioning schedule. We regard such comments as potentially undermining the JET-IP as well as efforts to mobilise required finance.
- 30.1. Please confirm whether Eskom's decommissioning schedules as referred to in the JET-IP, remain on track?
31. In regard to decommissioning of coal plants, we are very concerned about the manner in which such decommissioning will take place. We refer to the [recent groundWork report](#)<sup>20</sup> which records the experiences of communities in the World Bank financed decommissioning of the Komati Coal Power station. The following is stated,

*"People were particularly critical of the timing of events: the power station had shut down on 31 October, four days before the meeting. The ESIA had been released literally the day before the Komati meeting, on 3 November, and not yet discussed with the community. In response to complaints about a lack of participation, one of the consultants pointed out that there were people in the meeting who had been part of focus groups. He argued that they knew about the decommissioning and that, in fact, one could learn a lot more from a focus group than a hall of people. It got heated.*

*groundWork's Thomas Mnguni got up to explain to the consultants what was wrong, and offered them advice, to loud cheers from the people in the hall: "Eskom knew about the closure long ago. This session is not good. We need a general discussion about the just transition. We need to know about health issues. You did a socio-economic study and did not share it. You only want to meet decommissioning legal requirements. You don't want to talk about broader issues like the informal economy. Let's come back here and talk about everything. What all your plans are. Talk about skilling people here. Talk about what will happen to people's livelihoods."*

*...[W]hen communities are not fully and timeously informed, when they are not engaged in the solutions, when consultants shield government from the people, and cannot give answers about what really concerns people, it cannot be called fair process. Substantive justice only happens when the benefits and the burdens of the transition are shared fairly – and transparently. It is not the case in Komati and it is not the case in the broader process."*

32. It is clear from the above, that the process for decommissioning Komati did not meet the requirements of a Just Transition as outlined in the PCC's Just Transition Framework. One can therefore understand the skepticism of communities and broader civil society as they engage with the JET-IP. Importantly, the Komati experience should serve as an important lesson as the JET-IP is implemented and the key learnings and experiences from the process should be utilised to design the high level indicators for the monitoring, learning and evaluation framework and JET-IP implementation plan, being developed by the PCC.

#### *Prioritisation of Transmission Infrastructure*

33. We are also concerned about the lack of prioritisation for investments that are urgently needed to strengthen the transmission grid. In this regard, a recent report by the Blended Finance Task Team and

the Centre for Renewable and Sustainable Energy Studies<sup>21</sup> has found that, “more than 3GW of renewable generation projects out of bid window 6 are not happening because there is no capacity to connect them,” and states that “one of the key barriers to optimising the use of current infrastructure and building new transmission infrastructure,” is access to capital. R325 - 372 billion is required and the report suggests that, “a national strategic program of investment, that builds on South Africa’s global

<sup>20</sup> groundWork report, “Contested Transition: State and Capital against Community,” pages 181 - 204. See also <https://www.citizen.co.za/news/komati-shutdown-future-bleak-for-communities/>

<sup>21</sup> Better Finance, Better Grid. See <https://www.blendedfinance.earth/better-finance-better-grid> and domestic leadership to finance the just energy transition, can help overcome barriers to achieving the required transmission infrastructure build rate.”

34. We suggest that urgent steps are taken to reprioritise the JET-IP and to ensure that the most urgent requirements for addressing energy security and our climate crisis, and the rapid and large scale build of renewable energy, is prioritised alongside major investment in our transmission infrastructure. Once again, the R319 billion allocated to green hydrogen could instead be utilised for these urgent needs.

### *Gas Infrastructure*

35. We refer to the JET-IPs reference to Eskom’s plans to build new gas infrastructure.<sup>19</sup> We note that these investments are not included in the JET-IP but that Eskom, local authorities and the private sector would be responsible for financing these projects. However, given that the stated modality of the JETIP financing mechanisms will be to include direct agreements between PFIs and other funders and Eskom, how will JET-IP related funds be tracked in order to ensure that such funds are not used for new gas projects?

### *Socially Owned Renewable Energy*

36. We refer to the JET-IP’s reference to piloting alternative models of electricity generation ownership. In this regard, it states that, “Alternate forms of ownership of electricity generation assets have the potential to contribute to ensuring that growth in new low-carbon sectors is inclusive and brings benefits for vulnerable groups. These include community ownership of embedded generation infrastructure, share options for workers in renewable plants, cooperative forms of ownership, and schemes to ensure that the benefits of utility-scale renewable infrastructure provide energy access to people living in adjacent areas.”
37. It is difficult to understand how and whether these options will ensure energy access and social ownership without further indebting local communities. It appears that these models are again led by the private sector, with some benefits for local communities. Therefore, please provide us with a more detailed explanation of the suggested models so that we are able to better understand impacts for intended beneficiaries and the nature and scope of these models.
38. The JET-IP allocates R1, 65 billion to piloting social ownership models, a miniscule amount for such an important objective, and one that could truly realise the “justice” ambitions of our Just Transition Framework. This amount can also be compared to the massive investments required to support the green hydrogen ambitions of heavy industry. In this regard, it appears that R151 billion would be required to be spent by state actors for port development as part of an amount of R319 billion to support commercial development needs for green hydrogen.

---

<sup>19</sup> JET-IP, page 20

39. An example of a community-owned project is the [Urban Movement Incubator Energy Democracy project](#), which is a partnership between three community based organisations, [Vukani Environmental Movement](#) (VEM), [Abahlali Base Mjondolo](#) (ABM) and [South Durban Community Environmental Alliance](#) (SDCEA), supported by two service organisations, groundWork, and [Sustainable Energy Africa](#) (SEA), each with more than 20-years' experience in campaign and technical support to communities. The aim of the project is to construct and implement a campaign that realises widespread installation and operation of community-led, socially owned renewable energy solutions. We urge you to seriously consider this project as an example of a project which could be scaled up through climate finance solutions.
40. It is abundantly clear that there needs to be a far larger amount included in the JET-IP for socially owned renewable energy models and other social outcomes. While the prioritisation criteria recognise, in principle, the need to address social outcomes through appropriate investment,<sup>20</sup> there is little policy support and insufficient financial allocations for these outcomes. In order to advance this objective, more research and consultation on this specific objective is urgently required. In this regard, we understand that a report on socially owned renewable energy is being prepared and will be made available in August 2023. Please advise on the processes for consultation?
41. Finally, in relation to socially owned renewable energy and alternatives, we suggest the following in relation to considerations for another power model:
- 41.1. We think that the bulk of generation should be dispersed through households, community scale mini-grids and municipal scale local grids. Mini-grids should be interlinked with each other and through the municipal and national grids and dispersed generators should be backed up with national scale generators to moderate variability. Off-grid mini-grids should be engineered to link to the main grid, or neighbouring mini-grids, when this becomes practicable. In this way, off-grid systems would be seen to attract rather than repulse the grid.
- 41.2. All energy systems need storage but variable renewables need more. South Africa already has considerable pumped storage supplemented by hydro used as peaking plants. Battery technologies are developing fast and prices are dropping. It is critical that the environmental impacts of mining, processing and recycling battery metals are minimised. The grid can also be balanced by storing gas produced in municipal bio-digesters for peak use, but only if plants are well managed and don't leak methane. Finally, decommissioned coal steam generators can be converted for use as synchronous condensers for grid stability.
- 41.3. The renewable system should be socially owned. The national grid should be controlled by a publicly owned system operator separate from Eskom. Grid operators, national and local, should also control storage for peaking power use. We note recent private sector proposals for public-private-partnerships or outright privatisation of the national and/or municipal grids. Private participation will not happen without guaranteed returns. It will end up with the public purse paying for private profits. Nor will the benefit to the national balance of payments be sustained as the fixed foreign investments of today will turn into the repatriation of profits tomorrow.
- 41.4. We object to the present process of privatising generation enabled first through the REIPPP and now, in more extreme form, through the recent reforms that enable a freewheeling market exempt from all regulation. We do not think the grid should be used for wheeling electricity from private suppliers to private users. Where users establish their own generation, it should be on site or adjacent and supplied directly. Surplus power might then be sold to the grid operator.

---

<sup>20</sup> JET-IP, pages 37 and 39

- 41.5. We object to National Treasury’s proposal to privatise (or concession) Eskom’s generators. We think private owners will prioritise profits, sweat the assets and save on environmental compliance whenever they can get away with it. Eskom needs to take responsibility for the process of closing its coal plants over the next two decades. In particular, it must close plants that do not and will not comply with environmental emission standards.
- 41.6. Whereas Eskom generation is now excluded from participating in renewable projects, it should be mandated to do so henceforth. We think it should have two roles: first, as a national scale renewable generator; and second, as a source of technical support for municipal and community generators. Its interest therefore must be reconstructed to collaborate in giving away market share. Before the development of national grids, municipal generators were the norm. In a decentralised system, they can once more take this role.
- 41.7. The costs of rooftop PV are already at or below municipal retail tariffs and will soon be below wholesale tariffs. Local PV and other micro generation technologies should be accepted as part of the national and/or municipal resource. This may increase some system (grid and storage) costs but save on other system costs as generation will be closer to point of use. It will also save on procuring utility scale generators.
- 41.8. If the middle classes and commerce and industry are pushed off-grid, they will leave municipalities and the poor with a slum grid & more poor people cut off. The aim should be to retain a common grid and this must be accompanied by publicly funded programmes to support the development of locally owned and democratically controlled RE mini-grids in poor areas. Bringing RE to the people would be an essential element in addressing domestic air emissions, producing considerable ‘co-benefits’ for people’s health and for the health system. Tariffs, including feed-in-tariffs, should be designed to these ends. Market innovations, including ‘cost reflective’ and ‘unbundled’ tariffs will come at the cost of the poor as economies of scale are rewarded and energy conservation is penalised.
- 41.9. We think a rising stepped block tariff with a first step set at zero preferable to the present regime of free basic electricity. FBE has been intercepted by municipalities – amounting to theft from the poor – and is subject to means testing. Few municipalities have the administrative capacity for means testing and the process is open to political abuse.

## **Air quality and regulatory compliance**

42. We refer to the JET-IP’s statement with regards to the closure of Eskom’s power stations and the statement: *“By the end of 2050, only the two youngest coal plants (Medupi and Kusile), and one unit of the older Majuba plant, will remain operational as currently envisaged.”*
43. At Medupi, a total of 6.43 billion USD in loans has been granted over the years by development finance institutions to Eskom for the installation of FGD technology at the plant. To date, the technology has not been installed. This situation remains while Eskom has been continuously failing to meet pollution standards at Medupi.
44. At Kusile, Eskom’s exemption to bypass the FGD plant as a temporary solution to the inoperable units at the station brings into question the increased air pollution that will result, as well as the associated health impacts.<sup>21</sup>

---

<sup>21</sup> See the Life After Coal campaign’s letter to Minister Creecy in this regard [LAC-Letter-in-response-to-proposed-Kusile-FGDStack-Bypass-9-March-2023.pdf \(lifeaftercoal.org.za\)](#)

45. Given that Medupi and Kusile will be the latest of the fleet to close, air pollution controls at both of these stations are of great concern. It would be important to note that coal affected communities would be bearing the impacts of unabated air pollution for another 27 years or more, if steps are not taken to ensure that FGD is installed at these stations.
46. In this regard, we recommend that the health sector, including the Department of Health, are included in all engagements in relation to the decarbonisation of the electricity sector, in order to ensure that the impacts of air pollution at Medupi and Kusile are addressed urgently.
47. We also refer to the [ACT-IP](#), which states that Eskom estimates the cost of full compliance with the Minimum Emissions Standards (MES) to be over R300 billion and that as an alternative to expensive retrofits on its ageing coal plant fleet, Eskom argued that its planned emission reduction plan included investing in technology retrofits to reduce emissions, the progressive closure of older stations, and the move to a cleaner energy mix. We understand that these statements are obtained from Eskom's exemption application to the DFFE in relation to MES compliance as well as from Eskom's JET plan.
48. Please indicate your views in relation to whether these plans would compromise the JET-IP, given that people's lives and health would be affected by a failure to ensure compliance with MES standards. In addition, these plans would be contrary to the principles of a Just Transition, which puts people at the center of decision-making and which advances the right to an environment which is not harmful to people's health and well-being. Would Eskom's plans be fully endorsed, through the JET-IP, even in circumstances which lead to non-compliance with minimum emission standards which are designed to protect the health and well-being of people in coal affected areas?

## **Mine Closure and Rehabilitation**

49. The JET-IP states that the draft National Mine Closure Strategy (2021) and the Just Energy Transition Framework both indicate the importance of an integrated and strategic approach to mine closure planning post-mining use. It indicates that work will be conducted with the DMRE and other stakeholders to develop a plan and timeline for coal mine closures, with the aim to ensure that grant finance is secured for such purposes.
50. However, we also note that the JET-IP states that there has been difficulty in securing the costings for remediation, in particular for derelict and ownerless mines. In this regard, this information was requested from the DMRE and the Council for Geosciences but was not provided.<sup>22</sup>
51. In relation to current mining operations, the JET-IP finds that there is no database of expected coal mine closures to 2030 and that the financial provisions of a large major miner, used as a reference, would be an example of how to ensure that closure costs would be covered. It also finds that this is difficult to assess more generally and that repurposing would also be difficult to assess, therefore requiring further technical analysis.
52. We suggest that the work required to assess the full extent of addressing the remediation of ownerless and derelict mines and the closure and repurposing costs of current mines, be made an absolute priority. It is well known that there is often insufficient financial provision to ensure proper closure and rehabilitation and that immense costs would be involved. We therefore suggest that any further technical analysis be concluded, in order to enable the mobilisation of funds needed to attend to this important issue.

---

<sup>22</sup> JET-IP, page 195



53. Please advise us as to the time frames and process for consultation on the plan for coal mine closures, as referred to in the JET-IP.

## The Green Hydrogen Economy

54. USD 21.2 billion or ZAR 319 billion investment is indicated for investment in the Green Hydrogen economy.<sup>23</sup> Of this amount, R150 billion is indicated as being required for port project development and infrastructure capital. The following references are important:

*“In building the infrastructure necessary to capture this opportunity, the investment required is estimated to be in the region of US\$133 billion to fund more than 100 GW of dedicated renewable electricity capacity (both wind and solar) and more than 60 GW of electrolyser capacity. This allocation of new renewable electricity capacity will need to be either included in the updated IRP or as part of an associated energy plan for GH2.”<sup>24</sup>*

*“...[t]here are a further 18 projects in development, with a total estimated feasibility cost of ZAR4.5 billion and ZAR 163 billion required for capital expenditure. This excludes the Boegoebaai port project – a potentially large-scale export programme with expected development costs of ZAR1 billion and a full run rate cost of ZAR150 billion over the project lifecycle; and excludes upgrades that may be required at the Ports of Ngqura, Saldhana Bay, and Richards Bay. These projects span a range of use cases and require significant capital deployment for the early incubation of South Africa’s GH2 ecosystem.”<sup>25</sup>*

*“...[G]reen hydrogen (and its derivative, green ammonia) are potential substitutes for natural gas and coal in industrial processes such as steel making. They may also play an important role in the future of the electricity grid. Green hydrogen will likely contribute to the decarbonisation of electricity and industry...”*

55. Achieving the Nationally Determined Contribution (NDC) is highlighted as a core function and purpose of the JETP, and the JET-IP. The JET-IP makes unsubstantiated claims about the potential of Green Hydrogen to ‘remove 10-15% of South Africa’s carbon emissions’.<sup>26</sup> We question the accuracy of this claim and request sight of the calculations, inputs and assumptions on which these figures are based.

Further, the JET-IP offers no modelling, breakdown or quantification of how the Green Hydrogen component will positively contribute to the achievement of the country’s NDC, and the effectiveness of financial investment in this activity when measured against other potential decarbonisation initiatives. It must be remembered that the full carbon footprint of infrastructure development and other activities must be accounted for.

56. Claims about absolute displacement of CO<sub>2</sub> by green hydrogen, as is found in Fig 9.9 for example, can only have merit in terms of measuring efficacy in supporting NDC achievement, if these are emissions displaced from the South African economy. Emissions displaced by exported green hydrogen do not assist in South Africa achieving its NDC.

57. It appears that in relation to infrastructure development, the state would need to assist with major infrastructure and port expansions to create an enabling environment for very specific industries. It is important to note that these companies have to independently transition to meet particular climate commitments and ensure that they have the necessary capital to do so. They have an interest in

---

<sup>23</sup> JET-IP, page 97

<sup>24</sup> JET-IP, page 90

<sup>25</sup> JET-IP, page 93

<sup>26</sup> JET-IP, Page 89



advancing their technologies and protecting their profits and in doing so, protecting their workforce. It appears that an entire green hydrogen economy, primarily for export purposes, is being built around a few companies. The following questions arise:

- 57.1. Please explain the rationale for the inclusion and prioritisation of green hydrogen in the JET-IP;
- 57.2. To the extent that information and/or modeling information, to justify such inclusion, has been provided to the PCFTT by industry or particular companies, please could this information be made available to us?
- 57.3. Will SA be accumulating additional debt for purposes of building infrastructure for the development of the green hydrogen economy, which is designed to primarily benefit the private sector?

### *Policy Alignment and Timing*

58. In reference to the Green Hydrogen Commercialisation Strategy (GHCS), there is a requirement for additional 25GW of renewable energy capacity by 2030, which would need to be considered as part of the South African Renewable Energy Master Plan; the Integrated Energy Plan; the Integrated Resource Plan and the Gas Utilisation Master Plan,<sup>27</sup> while the need for “huge transmission and distribution grid expansion” would need to be considered as part of Eskom’s Transmission Development Plan.<sup>28</sup>
59. The interaction between the GHCS with multiple energy planning policies and plans is clear but the timing of the GHCS and the determination of the viability of the green hydrogen economy before the finalisation or consideration of many of these said plans, is questionable, to say the least. With so much uncertainty related to the viability of the green hydrogen economy in South Africa from an economic, technical, finance and infrastructure perspective, it is unclear how key decisions related to the development of the green hydrogen economy are being made before finalisation of many major energy and electricity planning policies which are needed, first and foremost to be able to guide South Africa out of an urgent and existing energy crisis. We therefore recommend that the timing of the finalisation of the GHCS and the inclusion of green hydrogen in the JET-IP be reconsidered in light of urgent energy planning processes and decisions which must first address our energy crisis.

### *Concerns with risks of over-investing in green hydrogen*

60. We are alarmed that the short term funding plan (2023-2027), the GHCS seeks to commit R319, 01 billion of government funding to create a highly speculative green hydrogen market rather than address the crisis created by underinvestment in wind and solar energy for the national grid. Expectations for and public investments in green hydrogen in South Africa must realistically reflect green hydrogen’s physical constraints and inferiority in many respects to other decarbonization tools.
61. Green hydrogen can be an important source of decarbonization in applications that require hydrogen as a feedstock, for chemical transformation of a product (e.g., in the case of removing oxygen from iron ore), or for fuel combustion to generate very high temperatures and therefore for which electrification cannot substitute very efficiently. These uses include, in particular, ammonia and other chemical production for which dirty hydrogen is currently used, as well as steel production. Yet it would be unwise, and undermine the benefits green hydrogen offers, to instead attempt to boost the use of green hydrogen for decarbonization across other parts of the economy for which it is poorly suited.

---

<sup>27</sup> Green Hydrogen Commercialisation Strategy at 34.

<sup>28</sup> Green Hydrogen Commercialisation Strategy at 35.

62. Green hydrogen has many qualities that render it inferior to other solutions already available for decarbonizing these other sectors. Among these qualities are green hydrogen's inefficiency, or the amount of energy lost throughout its lifecycle. A green hydrogen-powered car makes use of only 38% percent of the original electricity produced to generate the green hydrogen, while an electric vehicle uses about 80% of that power.<sup>29</sup> Thus, it is far better to use renewable resources, for example, to power cars, as well as houses and their electric appliances, directly rather than having to build out more renewables simply to convert that electricity to hydrogen, then back to electricity in fuel cell vehicles, or to combust that hydrogen in hydrogen-fueled appliances. Because of these inefficiencies, on top of high electrolyser and transport and storage costs, the overall cost of green hydrogen today – between approximately 51 and 167 ZAR per kilogram, depending on the region – is also too high to make it competitive with electrification for most end uses.<sup>30</sup> Though there are policy efforts afoot to reduce electrolyser costs and improve efficiency throughout the green hydrogen value chain to make it competitive with fossil fuel-based hydrogen production, these cannot make it cheaper than using renewable electricity directly since this electricity is only one of the input costs of producing green hydrogen.<sup>31</sup> The GHCS's primary focus should be on the limited South African end uses that have no better decarbonization alternatives. Instead it prioritises investments and support for a highly speculative green hydrogen and green hydrogen derivatives export market.
63. South Africa's investments in green hydrogen must also be realistic about the country's relative strategic position in supplying hydrogen to importers, including Europe and Japan in particular, and the resulting limits of export opportunities. As the GHCS notes, the country's distance from these importers in addition to its lower-quality renewable resources relative to other countries more proximate to those importers put it at a significant market disadvantage. Green hydrogen production and distribution systems in South Africa should therefore be focused on potential internal markets. Green hydrogen *may be* necessary for the decarbonisation of steel or for the production of green ammonia, for example, but green hydrogen will be integral to or integrated into these production processes, and not likely not be bought in or supplied by a green hydrogen producer. It is very expensive to transport and store hydrogen so the green hydrogen facility will very likely be on the same site. We believe that the assumptions built into the GHCS are overly optimistic about the opportunities that South Africa will have to export green hydrogen.

## Monitoring, evaluation and due diligence

64. We regard ongoing monitoring, evaluation and enhanced due diligence, both by the "JET-IP Unit",<sup>32</sup> and funding partners, such as PFIs, as being crucial to the success of our Just Transition and the proper implementation of this plan.
65. Local civil society and community partnerships will be one of the most effective ways to ensure proper monitoring and oversight. Ongoing due diligence related to project implementation necessarily involves coal affected communities and civil society more broadly. Regular reporting on the status and progress of projects as well as the creation of effective grievance mechanisms will be vital to the success of the

---

<sup>29</sup> T. Baxter, *Hydrogen cars won't overtake electric vehicles because they're hampered by the laws of science*, The Conversation, (2020), <https://theconversation.com/hydrogen-cars-wont-overtake-electric-vehicles-because-theyre-hampered-by-the-laws-of-science139899>.

<sup>30</sup> World Energy Council, *Hydrogen on the horizon: Ready, Almost Set, Go? Hydrogen demand and cost dynamics*, at 6-7, (2021), [https://www.worldenergy.org/assets/downloads/Working\\_Paper\\_-\\_Hydrogen\\_Demand\\_And\\_Cost\\_Dynamics\\_September\\_2021.pdf?v=1658324860](https://www.worldenergy.org/assets/downloads/Working_Paper_-_Hydrogen_Demand_And_Cost_Dynamics_September_2021.pdf?v=1658324860).

<sup>31</sup> IRENA, *Making the breakthrough: Green hydrogen policies and technology costs* (2021), [https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2020/Nov/IRENA\\_Green\\_Hydrogen\\_breakthrough\\_2021.pdf?la=en&hash=40FA5B8AD7AB1666EECBDE30EF458C45EE5A0AA6](https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2020/Nov/IRENA_Green_Hydrogen_breakthrough_2021.pdf?la=en&hash=40FA5B8AD7AB1666EECBDE30EF458C45EE5A0AA6).

<sup>32</sup> JET-IP, page 142

JET-IP objectives. We also suggest that there be due consideration for the remedial powers which will be available to coordinating departments/ institutions in the event that implementing agencies or partners do not comply with due diligence requirements or fail to ensure proper and timely implementation.

66. The JET-IP does speak to the role of civil society in such oversight mechanisms and states that, “*South Africa’s strong local community based organisations and NGO sectors can be supported to play project management roles in this regard, either directly through intermediary DFIs, to integrate national level accountability with funders and local-level accountability with local communities.*”<sup>33</sup>

66.1. Please provide more information on these plans, included whether such partnerships will be funded and included in the JET-IP implementation plan.

67. We note that the JETP secretariat is working on a JETP implementation plan, as referred to in the JETIP. We also note that a monitoring, learning and evaluation (MEL) framework<sup>34</sup> is being developed, together with the establishment of a JET-IP unit which will develop a results monitoring system.

67.1. Please advise on the status of the JETP Implementation Plan and MEL framework, including time frames and processes for consultation

67.2. Who will oversee and be responsible for the JET-IP results monitoring system and for developing high level indicators.

67.3. What grievance mechanisms will be established?

68. In relation to loan and other agreements concluded in terms of the JET-IP, the following information is important:

*“Within parameters set by the National Treasury and relevant legal mandates, opportunities will be encouraged for institution-specific funding agreements to be concluded directly between the providers of finance (for example, an MDB or international DFI) and the implementing institution of a programme or project (for example, Eskom, a province, or a municipality), subject to the respective parties’ policies and due diligence. In each case, the implementing institution is contractually bound to the terms of that funding agreement, including its governance and monitoring provisions. These implementing institutions will be required to report into the national JET IP Results Monitoring system on defined high-level indicators.”*

*“In instances where national intermediary institutions (for example, DBSA or IDC) manage the disbursement of funds by agreement with international providers of finance (for example MDBs or international DFIs) and thus oversee project execution by implementing institutions (for example, municipalities, private companies, or NGOs), the intermediary will have its own governance requirements. In this instance, the intermediary institution will be required to report into the national JET IP Results Monitoring system on defined high-level indicators.”*

69. It is clear that there will be direct funding agreements with National Treasury and then institution-specific arrangements between providers of finance (MDB or DFI) and the implementing agent of a specific programme or project, example Eskom, province or municipality. In order for civil society and other actors to provide oversight and perform a monitoring function, it is essential that loan agreements and project implementation reports are made available during the course of the project implementation.

---

<sup>33</sup> JET-IP, page 138

<sup>34</sup> JET-IP, page 139

70. In addition, PFIs must be able to illustrate enhanced due diligence criteria and processes. We are concerned about a lack of transparency and accountability in relation to project pipelines, approvals and ongoing due diligence and suggest that enhanced due diligence processes and much higher standards of transparency and accountability be adopted by PFIs participating in South Africa's JET-IP. PFI's cannot adopt a 'business as usual' approach to their role in the climate finance deals.

## Civil society and community consultation and participation

71. We remind you of the findings from the [PCC's report on Community and Stakeholder Engagement on the Just Transition](#).<sup>35</sup> It should be noted that a key concern raised by communities was that they would only be consulted once, and not updated or consulted in relation to further developments related to the Just Transition. Some of the findings which are relevant to the work of the PCFTT and the JETP Secretariat include the following:

*"Communities are willing to engage in and support a just transition but only if they are integral to the decision-making process. Communities want a say in their future and an inclusive role in making that future happen. Many community members expressed the need to be empowered through a seat at the decision table and to have ownership of the process of the transition."<sup>36</sup>*

*Communities are willing to support a just transition, but they want to see meaningful economic benefit arising from its implementation. Not all communities want handouts or social grants development. Members want relevant and meaningful skills, appropriate to alternative development pathways in the transition, as well as access to ways to produce goods or services as the transition is taking place.*

*Financial support for local actors. There are several local actors already working with communities on climate change and the just transition across the country. The question therefore becomes: "Is it possible to leverage financial support for these actors as partners in and champions of the just transition?"<sup>37</sup>*

*Communities are not necessarily anti-development, rather they are against development that does not address their needs; is inappropriate for the local context; and which does not deliver tangible benefits."<sup>38</sup>*

72. It is therefore incredibly important that meaningful civil society and community participation, and not just consultation, is embedded into the JET-IP processes. Not only will this ensure proper oversight, if information is made available, but this will ensure that the intended outcomes of the JET-IP, are truly just. This approach also provides real credibility to a process, which from the onset, has been described as a whole of society approach. This must necessarily involve, not just inform all relevant stakeholders as we are all working towards realizing a Just Transition, within the context of a global climate crisis.

73. It is also imperative that this is planned and carried through as part of a just transition. We emphasise that 'justice elements' cannot simply be tagged onto the transition. Justice must provide the organising principle of the transition. To that end, we make these points:

---

<sup>35</sup> Communities consulted by the PCC in relation to the Just Transition Framework included those living in Emalahleni (Mpumalanga); Lephalale (Limpopo); South Durban (Kwa-Zulu Natal); Xolobeni (Eastern Cape); Gqerberha (Eastern Cape); Hotazel (Northern Cape); Secunda (Mpumalanga).

<sup>36</sup> See [PCC Report on Community and Stakeholder Engagement on a Just Transition in South Africa](#) at page 6.

<sup>37</sup> Ibid at page 9.

<sup>38</sup> Ibid at page 12.

73.1. public, community and worker participation must be central to the process;

73.2. legacy environmental issues, including old coal mines, discard heaps and ash heaps, cannot simply be disposed of or put out to the market but must be directly addressed;

73.3. similarly, the health impacts on communities and workers must be addressed; and

73.4. livelihoods must be created within a transformed and egalitarian economy that provides for all.

## **Conclusion**

74. We trust that you have found our comments helpful.

Yours faithfully,

Leanne Govindsamy

Attorney and Programme Head: Corporate Accountability and Transparency

Centre for Environmental Rights

**On behalf of the Life After Coal Campaign**

Courtney Morgan

Campaigner

African Climate Reality Project

**On behalf of the Fair Finance Coalition, Southern Africa**