



Joint Statement: South Africa Just Energy Transition Investment Plan

Brussels, 7 November 2022

The International Partners Group, chaired by the UK and comprised of France, Germany, the UK, the US and the EU, jointly welcome and endorse South Africa's Just Energy Transition (JET) Investment Plan.

At COP 26 in November 2021, the governments of South Africa, France, Germany, the United Kingdom and the United States of America, along with the European Union, issued a Political Declaration announcing a **new ambitious, long-term Just Energy Transition Partnership (JETP)**.

The Partnership aims to accelerate the decarbonisation of South Africa's economy to help it achieve the ambitious goals set out in South Africa's updated Nationally Determined Contribution emissions goals.

During the World Leaders Summit at COP27 on 7 November, **President Cyril Ramaphosa of the Republic of South Africa launched the new JET Investment Plan** prepared by the South African government as envisaged in the Political Declaration. The Plan covers three priority sectors – the energy sector as well as, electric vehicles and green hydrogen – for finance.

A 'Just' approach underpins the Plan, aiming to ensure that those most directly affected by a transition from coal - workers and communities including women and girls – are not left behind. It identifies \$98 billion in financial requirements over five years to begin South Africa's 20 year energy transition. Investment will be required from both public and private sectors.

The IPG is mobilising an initial \$8.5 billion to catalyse the first phase of the programme.

The funding package will be disbursed through various mechanisms over the five year period including grants, concessional loans and investments and risk sharing instruments. The IPG's funding will align to the Investment Plan and be geared towards: coal plant de-commissioning; funding alternative employment in coal mining areas; investments which will facilitate accelerated deployment of renewable energy and investments in new sectors of the green economy.

The Chair of the International Partners Group, the United Kingdom's Prime Minister Rishi Sunak, said: *"I congratulate President Ramaphosa for the great progress that has been made on the South Africa Just Energy Transition Partnership. In one year since COP, South Africa, along with the UK and our friends in the International Partners Group, have shown how serious we are about making the changes we need to halt climate change. South Africa's JET Investment Plan paves the way for a sustainable and fair transition away from coal and towards cleaner forms of energy, building the foundations for a strong green economy."*

The President of the United States of America, Joseph R. Biden, said: *"The United States is proud to partner with the Government of South Africa and the members of the International Partners Group to support South Africa's just transition to a cleaner energy future. We welcome the comprehensive JET Investment Plan, and fully support South Africa's economy-wide energy transformation. Our support for South Africa's clean energy and infrastructure priorities, which include efforts to provide coalminers and affected communities the assistance that they need in this transition, will help South Africa's clean energy economy thrive."*

The President of the Republic of France, Emmanuel Macron, said: *"France is proud to work with South Africa on the implementation of this Just Energy Transition Partnership, which will help to strengthen the country's energy security, green its electricity mix and set a benchmark for other countries around the world, while keeping at its core the just element of this transition in order to leave no one behind. I welcome the ambitious Just Energy Transition Investment Plan presented by South Africa and I am happy to confirm that France has just unlocked a concessional policy support of 300 M€ to South Africa, as a first step towards the fulfilment of our \$1 billion commitment to support South Africa's decarbonisation"*

The Chancellor of the Federal Republic of Germany, Olaf Scholz, said: *"Climate protection and*

economic prospects must go hand in hand. The adoption of the investment plan is a milestone on the path to a climate-neutral and – at the same time – socially just economy in South Africa. Germany is contributing 1 billion USD, including a substantial part through grants, to a support package from the international donor community worth 8.5 billion USD. This is an ambitious start. More needs to follow, particularly in collaboration with the private sector.”

European Commission President, Ursula von der Leyen, said: “*For the EU, the climate transition needs to be just. This partnership, with new investments, is how we help ensure that nobody is left behind. Therefore I welcome the endorsement of this Investment Plan. It will now kick-start the Just Energy Transition Partnership with South Africa, a first of its kind global initiative for accelerating a just energy transition in countries that commit to phase out coal. It is a flagship of EU-supported multilateral cooperation to limit global warming to 1.5°C.*”

A joint 12 month update to leaders by South Africa and the IPG summarises key technical progress that has contributed to the development of the JETP Investment Plan. It, and the preceding [six month](#) update to leaders, also outline measures undertaken by the government of South Africa to strengthen the enabling environment for South Africa's long-term energy transition.

The IPG's initial \$8.5 billion funding package includes[\[1\]](#):

- \$2.6 billion through the Climate Investment Funds Accelerating Coal Transition Investment Plan[\[2\]](#) (CIF ACT);
- \$1 billion from France[\[3\]](#);
- \$1 billion from Germany[\[4\]](#);
- \$1.8 billion from the UK[\[5\]](#);
- \$1 billion from the US[\[6\]](#);
- \$1 billion from the EU[\[7\]](#)

Some of this funding is already programmed while other parts of it have still to be finalised and programmed in line with the final Investment Plan. Work to programme the full \$8.5 billion will continue in coming months.

In addition to the \$8.5 billion, the World Bank Board has recently approved the Eskom Just Energy Transition project which is providing \$0.5 billion of financing in support of South Africa's Just Energy Transition.

International Partners Group financial support

The IPG has supported South Africa's Just Energy Transition in a variety of ways both directly and indirectly. A fuller description of support is provided below.

Early progress in deploying the \$8.5 billion support of Investment Plan

The Climate Investment Fund Accelerating Coal Transition (CIF ACT) Investment plan will provide \$2.6 billion in total including \$500 million of highly concessional Accelerating Coal Transition funding provided by the CIF. IPG members (Germany, the UK and the US) provide approximately 65% of funding for the overall CIF ACT programme. The CIF ACT Investment Plan will support the decommissioning and repurposing of three coal power stations, community development and energy efficiency projects in Mpumalanga. The World Bank's Eskom Just Energy Transition project will provide finance for decommissioning and repurposing a further coal power station.

France and Germany are providing \$600 million (\$300 million each) for a concessional policy loan to South Africa to support the JETP. The loan will be formally signed during COP27.

A number of IPG grant funded activities contributed to the development of the Investment Plan and will contribute to ongoing analytical and policy work as South Africa moves towards implementation. These include:

- The UK has funded work with municipalities and affected communities in the two most coal-dependant municipalities in Mpumalanga (eMalahleni & Steve Tshwete Local Municipality) to co-develop a coherent and inclusive just transition plan for each municipality.
- Germany has funded the integration of renewable energy (particularly solar energy) into the existing energy grid. Measures to increase energy efficiency are being developed in cooperation with local authorities.
- The U.S. Trade and Development Agency funded a Clean Energy and Climate Infrastructure Event Series to promote cooperation on clean energy topics between the public and private

sectors in the United States and South Africa. The series inaugurated with a two-day workshop on green hydrogen, held last week [October 31 – November 1] in Cape Town. USTDA also intends to support preparation of projects to strengthen South Africa's grid and accelerate deployment of renewable energy.

- The EU has awarded grants to increase the participation of South Africa's civil society in reducing emissions and adapting to climate change, while enhancing gender equality and the participation of the youth by strengthening skills.
- France has funded work for the development of a climate finance mapping and tracking tool, the execution of a study related to the localization potential for solar PV and storage value chains in South Africa as well as support to Eskom for the refinement of its JET strategy and implementation plan.

Elements of the \$8.5 billion still to be programmed.

A further \$2.2 billion of sovereign loans will be programmed by France's AfD, Germany's KfW and the EU's European Investment Bank in support of the Investment Plan. The details of these loans will be announced as they are finalised.

\$1.5 billion of Development Finance Institution support for private sector investment is available from the US and the UK. This will take the form of patient investments which will either seek to crowd in private sector investment to new and riskier areas or provide investment where the private sector is currently unwilling or unable to invest. Details of these investments will be announced as they are finalised.

The UK is providing \$1.3 billion of guarantees to enable enhanced AfDB lending in support of activities set out in the Investment Plan. Details of the related loans will be announced once they have been agreed between the AfDB and the South Africa Government.

Additional IPG resources beyond the \$8.5 billion

Further details of the \$8.5 billion package are set out in the Investment Plan. In addition, the following additional resources are being made available by IPG members:

- The US is making \$45 million in highly concessional funding available through Power Africa
- The European Investment Bank is making a €200 million loan to a South African bank for on-lending to eligible onshore wind and solar photovoltaic projects in South Africa. Germany is providing €30 million to help South Africa develop Sustainable Aviation Fuel and €5 million to work on a Green LFG value chain.
- In the second half of 2022, Germany offered 395 Million Euro to support the JET IP implementation, including 125 Million grants.

[1] Some IPG contributions will be made in the provider's domestic currency, which may be impacted by fluctuations in conversion against the dollar which means that the numbers may not total exactly \$8.5 billion. As of the date of finalising the Investment Plan they totalled \$8.455 billion. The country numbers in the press release have been rounded to the nearest \$0.1 billion.

[2] The CIFs ACT Investment Plan is calculated on the basis that \$500 million in ACT funding will leverage an additional \$2.1 billion in finance including World Bank and African Development Bank loans as set out in the CIF ACT Investment Plan.

[3] \$1.0025 billion

[4] \$0.968 billion

[5] \$1.824 billion

[6] \$1.0215 billion, not including the additional \$45 million of highly concessional funding (mentioned below)

[7] €1.03 billion via the European Investment Bank (EIB) and the Global Europe Programme. The European Investment Bank is planning to provide concessional loans up to 1 billion euros to decarbonise the South African Economy and promote the development of green hydrogen and the EU will further provide 35 million euros in support of Just Transition.

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