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Challenges and Opportunities for Just Energy Transition Partnerships in Africa

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While Just Energy Transition Partnerships (JETPs) offer a path towards a "just" transition for decarbonization, a critical gap exists: the social dimension has not received the same level of attention as the technical and economic aspects. JETPs must prioritize social equity and inclusivity, ensuring a transition that minimizes negative impacts on vulnerable communities and delivers equitable outcomes for all. This policy brief examines the commitments, challenges, and opportunities of JETPs between Africa and the International Partners Group (IPG) (Germany, the United Kingdom, France, the United States, the European Union, Denmark, Canada and the Netherlands) in supporting a just and equitable transition. A case study of South Africa highlights how these partnerships can advance renewable energy and modernize grids while addressing social consequences. However, challenges include weak governance, inadequate funding, increasing debt burdens, and limited access to clean energy for low-income communities due to high initial costs.

The urgency of climate action necessitates a more ambitious approach. Multilateral climate negotiations conducted under the United Nations Framework Convention on Climate Change (UNFCCC) have failed to make substantial progress towards achieving the targets outlined in the 2015 Paris Agreement. There are currently 198 Parties to the UNFCCC, comprising 197 states and one regional economic integration organization.[1] The large number of participants and the vast scope of issues create complex negotiations.[2] In response, "mini-lateral" approaches such as Just Energy Transition Partnerships (JETPs) have emerged as promising alternatives.[3] They can help "re-legitimize" the global climate regime by demonstrating progress and rebuilding trust, particularly during slow progress in multilateral negotiations.

The terms "just" and "partnership" are central to this analysis. "Just" emphasizes the necessity of implementing the energy transition in a way that addresses its social consequences fairly and inclusively. This ensures that vulnerable or marginalized populations do not bear a disproportionate share of the burdens, while providing broad access to the

[1] "Status of Ratification of the Convention," United Nations Framework Convention on Climate Change (UNFCCC), accessed October 19, 2024.
[2] Mark Swilling, "So, Where Is the $8.5bn That South Africa Was Promised at COP26?" *Daily Maverick*, March 3, 2022.
[3] Robert Falkner, "A Minilateral Solution for Global Climate Change? On Bargaining Efficiency, Club Benefits, and International Legitimacy," *Perspectives on Politics* 14, no. 1 (2016): 87-101.

resulting gains from decarbonization efforts.[4] Africa, a minor contributor to global emissions, faces a disproportionate share of climate impacts, while developed countries have historically been responsible for the bulk of emissions. The concept of “justice” requires those most responsible for climate change to bear the primary responsibility for mitigation and adaptation efforts.[5] At the same time, “partnership” emphasizes collaboration between developed and developing countries to navigate these challenges together. Recognizing the urgency of a just energy transition, Africa has embraced the JETP model as an important vehicle for collaboration. It encompasses various pillars, such as renewable energy investments, grid modernization, and capacity improvement. The JETP financing mechanism supports initiatives to phase out existing unabated coal-fired power plants and halts permits for new constructions, fostering a transition towards clean energy sources.

South Africa and Senegal are the two African countries that have applied the JETP model. By analysing their respective JETP documentation, we can gain valuable insights into the specific commitments, challenges, and overall potential of JETPs. In June 2023, Senegal signed a JETP with the International Partner Group (IPG), which then included France, Germany, the European Union, the United Kingdom, and Canada.[6] The members of the IPG and multilateral development banks have pledged to mobilize EUR 2.5 billion in new and additional financing over three to five years, starting in 2023.

South Africa, on the other hand, signed its JETP at COP26 in 2021. This agreement marked a significant milestone in South Africa's journey towards reducing its dependence on coal and transitioning to clean energy. The country faces a particularly complex challenge in this transition due to its heavy reliance on coal, which accounts for 80 per cent of its energy mix.[7] As part of the JETP, multiple developed countries, including Germany, the United Kingdom, France, the United States and the European Union, pledged an initial USD 8.5 billion to support South Africa in achieving a fair energy transition, underscoring the significance of global financial assistance in this initiative.[8] In 2023, during COP28, the IPG increased this pledge to USD 9.3 billion, with Denmark and the Netherlands joining as new members.[9]

Diverse domestic actors shape the JETP in South Africa; the South African government is the leading actor responsible for implementing the transition framework.[10] Other actors include civil society organizations, the Climate Justice Charter Movement (CJCM),[11] trade unions, and environmental organizations.[12] The JETP in South Africa focuses on three key areas: significantly shifting away from coal-fired power plants to renewable energy; promoting New Energy Vehicles (NEVs); and exploring the potential of green hydrogen. [13]

[4] Oyeniyi Abe and Victor Azubike, "(Re)examining the Intersection between Energy Justice and Energy Transition in Africa," *Journal of Energy & Natural Resources Law* 42, no. 3 (2024): 279-299.
[5] Rohini J. Haar and Barry S. Levy, "Promoting Climate Justice," in *Climate Change and Public Health*, ed. Barry S. Levy and Jonathan A. Patz (New York: Oxford University Press, 2024).
[6] "Just Energy Transition Partnership with Senegal"*, European Commission*, accessed April 25, 2024.
[7] "CSIR Releases Statistics on Power Generation in South Africa for 2022," CSIR, accessed April 25, 2024.
[8] Nqobile Xaba, "Whose Just Energy Transition? A South African Perspective," *WIREs Energy and Environment* 12, no. 5 (2023).
[9] "COP28 Update on Progress in Advancing the South Africa Just Energy Transition Partnership," *GOV.UK*, accessed August 6, 2024.
[10] Grace Mbungu, "A Just Transition to a Low Carbon Future in South Africa," ed. Nqobile Xaba and Saliem Fakir, Johannesburg, *South African Journal of International Affairs* 30, no. 2 (2023): 316-318..
[11] Melanie J. Murcott, "A Just COP26 Outcome for South Africa?" *Transnational Legal Theory* 13, no. 2-3 (2022): 352-365.
[12] Jacklyn Cock, "' Beware of the Crocodile's Smile': Labour-Environmentalism in the Struggle to Achieve a Just Transition in South Africa," in *The Palgrave Handbook of Environmental Labour Studies*, ed. Nora Räthzel, Dimitris Stevis, and David Uzzell (Cham: Springer Palgrave Macmillan, 2021), 177-197.
[13] “South Africa's Just Energy Transition Investment Plan (JET-IP),” Presidential Climate Commission, November 3, 2022, accessed August 6, 2024.

The following sections examine the challenges inherent in JETPs, with a particular focus on South Africa, where the JETP is in a more advanced stage of development than Senegal. Key challenges identified include: (1) financing shortfalls and recipient country indebtedness; (2) balancing supply- and demand-side considerations for equitable access; (3) poor governance and institutional capacity; and (4) incorporating social impact considerations. Finally, this policy brief will highlight some opportunities presented by the JETPs.

Financing Shortfalls and Recipient Country Indebtedness

The energy transition poses a complex challenge that demands significant financial resources, international cooperation, and financing mechanisms prioritizing social justice and inclusive development. This ensures that the benefits of the transition are shared equitably across all communities, particularly those most vulnerable to the impacts of climate change. By their nature, renewable energy projects are capital-intensive and are perceived as a high risk by private investors. This deters much-needed investment, hindering progress towards a just energy transition. To fund its 20-year energy transition, South Africa will need to secure USD 98 billion in investments from public and private sources over the initial five years (2023–2027).[14] While the initial commitments of JETP partners of USD 9.3 billion offer a starting point, they fall short of the vast investment needs.

The heavy reliance on loans in JETP financial packages raises concerns about long-term debt sustainability and the existing debt burden. South Africa's public debt is approximately 73.9 per cent of GDP (gross domestic product); accumulating additional debt could intensify fiscal pressures.[15] The country is already grappling with escalating debt-servicing burdens, fiscal demands for social programmes, and the need to address critical macroeconomic challenges such as unemployment and economic growth. Introducing new debt in the form of loans under the JETP framework risks further exacerbating fiscal constraints. Of the current total financing commitments by the International Partner Group amounting to USD 9.3 billion, approximately USD 713 million is in the form of grants.[16] The rest is in commercial and concessional loans and guarantees with varying terms.[17] For example, a second loan from Germany's KfW Development Bank (*Kreditanstalt für Wiederaufbau*) amounts to EUR 500 million over 12 years, with a fixed interest rate of 4.4 per cent and a 3-year grace period. While this loan offers favourable terms, other loans are based on the 6-month SOFR (Secured Overnight Financing Rate), which introduces exposure to fluctuating interest rates. For example, the World Bank loan of USD 1 billion carries a rate of 6-month SOFR plus 0.95 per cent, with a 15-year term and a 5-year grace period. Similarly, the African Development Bank (AfDB) loan of USD 0.3 billion carries a rate of 6-month SOFR plus 1.22 per cent, with a 12-year term and a 2-year grace period.[18] Concessional loans offer better-than-market terms, but add to South Africa's substantial public debt burden. Furthermore, loan-based financing raises concerns about fairness and sustainability, especially potential adverse impacts on the most vulnerable communities.

[14] "South Africa Just Energy Transition Investment Plan," *European Commission*, accessed August 6, 2024.
[15] "Budget Review 2024," *Republic of South Africa, National Treasury*, February 21, 2024, 218.
[16] "South Africa's Just Energy Transition Is Progressing, Says International Partners Group Ahead of COP28," *European External Action Service (EEAS),* accessed August 6, 2024.
[17] "Debt-Funded Energy Transition Schemes Unlikely to Weigh on EM Credit Profiles," *Fitch Ratings*, accessed July 16, 2024.
[18] "Bilateral loan agreements with the World Bank, KfW and AfDB to support South Africa's Just Energy Transition," *Media Statement, National Treasury of South Africa*, November 21, 2023.

Given the above issues, the challenge lies in mobilizing enough private capital to fill the funding gap for transitioning from coal.[19] The opportunity lies in leveraging public finance to attract private capital.[20] Public funds in grants, concessional loans, and government subsidies can be used to de-risk renewable energy projects, making them more attractive to private investors by mitigating initial financial risks.[21] For example, public funds can provide guarantees that mitigate governance, regulatory and loss risks. Absorbing these risks with public funds reduces the downside for private investors and enhances the project's risk-return profile. This approach could be applied to renewable energy projects in South Africa, where high upfront capital costs and regulatory uncertainties are significant barriers to private sector involvement. While blending is part of the current JETP, its implementation is minimal. There is a need for further integration and optimization of blended finance approaches to ensure that the energy transition is both sustainable and socially equitable. Public finance can also offer instruments, such as guarantees or insurance, that reduce the cost of borrowing for renewable energy projects. This can make projects more financially viable and attract private investment. For instance, multilateral development banks (MDBs) could extend guarantees to cover risks such as currency fluctuations, which are often a significant deterrent to private capital in developing countries.[22] Moreover, the knowledge, expertise, and financial capabilities of MDBs enable them to assume a more substantial role in making direct investments and bargaining advantageous loan conditions for African countries.[23] Public funds could also be strategically allocated to project development funds to ensure the development of bankable renewable energy projects. These funds provide the essential early-stage capital needed to bring projects to a level of maturity that attracts private investment. Considering the substantial investment required for South Africa's energy transition, such project development funding is critical for mobilizing and scaling private sector participation.

Balancing Supply- and Demand-Side Considerations for Equitable Access

JETPs are supply-side-led, as they prioritize the production and distribution of energy through the development of renewable energy infrastructure, green hydrogen, and electric vehicles. However, there is less emphasis on demand-side considerations related to energy consumption patterns by end-users, such as households. A substantially large proportion of the JETP funds are directed towards infrastructure projects that enhance energy supply. However, these projects do not necessarily address how energy is consumed by end-users or the affordability of energy for consumers.

Insufficient attention to demand-side considerations can have unintended consequences. High upfront costs for new technologies like solar panels and electric vehicles create financial barriers for low-income communities and unintentionally widen the gap between the wealthy and the underprivileged during the energy transition. Evidence suggests that elec-

[19] "IPG Confirms Increase in Just Energy Transition Funding to $9.3bn" *Engineering News*, November 20, 2023.
[20] Jürgen K. Zattler, "Private Sector Mobilisation: Turning a Pipe Dream into Reality," *IDOS Discussion Paper* 14/2024.
[21] "Debt-Funded Energy Transition Schemes Unlikely to Weigh on EM Credit Profiles," *Fitch Ratings*, accessed July 16, 2024.
[22] "International Partners Group Confirms Commitment to South Africa's JET Plan Ahead of COP28, but Resistance Remains," *Green Building Africa*, accessed October 8, 2024.
[23] Tapan Sarker and Timothy Cadman, "Chapter 12 Private Finance for Sustainable Development," in De Gruyter Handbook of *Sustainable Development Finance*, ed. Timothy Cadman and Tapan Sarker (Berlin, Boston: De Gruyter, 2022), 251-264.

tricity prices in South Africa could rise during the initial stages of the transition. A modelling study has shown that in the Best Policy Scenario, which relies heavily on solar and wind energy, the levelized cost of electricity (LCOE) will increase slightly from EUR 49.2 /MWh in 2015 to EUR 50.8/MWh by 2050. However, in the Current Policy Scenario involving slower coal phase-out and fewer clean energy investments, the LCOE will surge dramatically to EUR 104.9/MWh by 2050.[24] These increases could disproportionately impact low-income households, which already spend a larger share of their income on energy. To address this affordability challenge, JETPs need to integrate demand-side support mechanisms. Targeted subsidies by the South African government to its population, low-interest loans for clean energy technologies, and incentives for solar panel installations and electric vehicles could help bridge the initial cost gap for low-income households. This would ensure that they could afford the transition to cleaner energy sources and that the benefits of the transition would be shared more equitably. However, with increased investments in renewable energy technologies, electricity is expected to become more affordable in the long run.

Another critical challenge on the demand side is ensuring access to energy for all. Limited grid access restricts who can benefit from clean energy. This highlights the equally important point that JETPs must move beyond focusing on the supply side and must integrate strategies that ensure renewable energy access for all. For example, while the plans for the just energy transition in South Africa mention electric vehicles (EVs), the focus is on infrastructure development rather than ensuring equitable access for all citizens. Equitable access refers to making clean energy solutions affordable and readily available to everyone, primarily low-income and rural communities. Expanding the grid can be part of the solution by exploring decentralized renewable energy solutions such as minigrids. By ensuring everyone has access, affordability, and connection to power grids, JETPs can facilitate a more inclusive energy transition. There is a growing network of EV charging stations, with projects like the USD 234 million investment in solar-powered stations in the Free State.[25] However, access to EV charging infrastructure is primarily concentrated in urban areas, creating an accessibility gap for those in rural and underdeveloped regions. Moreover, electric vehicles remain unaffordable for much of the population, with low EV penetration rates in South Africa.

Poor Governance and Institutional Capacity

While technical aspects like renewable energy deployment and grid modernization dominate discussions surrounding JETPs, their successful implementation requires significant attention to the vital role of governance and institutions. Strong governance and institutions are critical because their absence hinders effective project development and efficient resource allocation.

Recent reports highlight the challenges posed by weak institutions within the South African context, specifically concerning transparency issues and delays in delivering finances within the JETP.[26] Eskom, the state-owned power utility, will be a critical player in South Africa's energy transition. Its responsibility for managing South Africa's energy grid and facilitating the shift from coal to renewables places it at the centre of this transition. How-

[24] Ayobami S. Oyewo, Arman Aghahosseini, Manish Ram, Alena Lohrmann, and Christian Breyer, "Pathway Towards Achieving 100% Renewable Electricity by 2050 for South Africa," *Solar Energy* 191 (2019): 549-565.
[25] "South Africa Secures $234M for the World's First Solar-Powered EV Charging Network," *Empower Africa*, accessed October 8, 2024.
[26] "Cross-Border Investment Is Crucial to Achieving a Just Transition," *Grantham Research Institute on Climate Change and the Environment*, accessed April 25, 2024.

ever, the ongoing crisis within Eskom, characterized by operational inefficiencies, corruption, financial instability, and governance failure, illustrates the severe challenges that could hinder the country's energy transition.[27] These challenges directly impede the effective implementation of renewable energy technologies and the shift away from fossil fuels.[28] Additionally, the debt burden and inefficiencies at Eskom, exacerbated by corruption, have slowed down the country's efforts to achieve a just energy transition, as resources that could have been allocated to renewable energy projects have been diverted to address the utility's financial woes.[29] As of March 2023, Eskom's net debt had risen by 2 per cent, from ZAR 389 billion in 2022 to ZAR 399 billion.[30] This high debt level severely limits its capacity to invest in essential infrastructure upgrades for integrating renewable energy sources into the grid. These financial woes are further compounded by operational challenges resulting from consumer non-payment, illegal tampering with electricity connections, and rising operational costs.[31] In addition to its financial woes, Eskom's operational inefficiencies have led to frequent power outages.[32] These issues are coupled with Eskom's governance failures, which include procurement irregularities and an inability to translate investments into functional infrastructure.[33]

Addressing corruption at Eskom is not just a financial imperative but a critical step toward achieving a just and inclusive transition to clean energy in South Africa.[34] Similarly, civil society groups such as the Climate Justice Charter Movement (CJCM) have called for increased government transparency and accountability regarding the use of international funds intended to support the transition away from fossil fuels.[35] Strengthening governance, institutions, and a culture of transparency in power utility plants can ensure the success of the JETP. Moreover, the JETPs must accommodate investment in capacity-building programmes for relevant institutions such as power plants and equip experts with the skills to manage complex energy transition projects effectively. This capacity-building should not be in isolation but should be coupled with addressing specific challenges within critical institutions, such as Eskom's financial and operational issues.

Incorporation of Social Impact Considerations

The Just Energy Transition Partnership offers a promising pathway to decarbonizing societies, emphasizing the concept of a “just” transition that prioritizes social equity and inclusivity throughout the process. However, unintended social consequences (job losses in coal power plants and the coal value chain; energy poverty due to higher upfront costs of renewable technologies; increased economic inequalities; displacement of local coal businesses) can arise when implementing low-carbon energy systems in vulnerable communities,

[27] Joseph Cotterill, "ESKOM Chief Warns South Africans to Prepare for Worst-Ever Blackouts," *Financial Times*, May 18, 2023.
[28] Andrew Bowman, "Parastatals and Economic Transformation in South Africa: The Political Economy of the ESKOM Crisis," *African Affairs* 119, no. 476 (2020): 395-431.
[29] "ESKOM Bailout Will Not Solve South Africa Power Crisis," *Emerald Expert Briefings*, March 9, 2023.
[30] "ESKOM Releases Its Results for the 2022/23 Financial Year," *ESKOM*, accessed October 8, 2024.
[31] Micheal E. Gorman and Patricia H. Werhane, "Eskom and the South African Electrification Program (a)," *SSRN Scholarly Paper* 908430 (2008).
[32] "Does Eskom Have a Future in South Africa?" *Power Africa*, July 2, 2024.
[33] Ralph Hamann, Britta Rennkamp, Wikus Kruger, and Josephine K. Musango, "Corruption Undermines Justice in Clean Energy Transitions," *Environment: Science and Policy for Sustainable Development* 65, no. 4 (2023): 5-9.
[34] Andrew Lawrence, ed., "Eskom and the Dual Character of the South African State, in *South Africa's Energy Transition*," (Cham: Springer Palgrave, 2020), 59-83.
[35] "Glaring Omissions in South Africa's Just Transition Framework, Says Climate Justice Group," *Independent Online (IOL)*, published September 25, 2023, accessed October 8, 2024.

potentially widening existing inequities.[36] As such, it is crucial to prioritize socio-economic considerations to achieve equitable outcomes when implementing JETPs.

South Africa's Just Energy Transition Investment Plan (JET-IP) acknowledges the need for a “just transition”. Although the JET-IP of South Africa gives reference to upskilling and reskilling, the plan lacks concrete strategies to address job displacement and social security challenges for affected workers and communities. Closing coal mines and power stations could potentially lead to significant job losses. In 2022, approximately 90,977 people were employed in South Africa's coal industry.[37] The potential job displacement highlights the risk of distributional challenges where the benefits of the energy transition accrue unevenly, leaving fossil fuel industry workers and surrounding communities vulnerable. For example, there is a projected job loss of 48,500 positions at power plants and associated coal mines by 2030.[38] The impact could be even more extensive in the long run, potentially affecting up to 120,000 jobs across the coal value chain. Socio-economic impact analysis warns of potential economic contraction in coal-dependent regions like Mpumalanga unless the Just Transition mitigates these adverse employment effects.[39] Despite ZAR 1.1 billion designated for skills enhancement, only ZAR 453 million is effectively being utilized for training.[40] Striking a balance between environmental sustainability and social responsibility is important. While a transition to renewable energy is essential, a just and equitable approach is critical to prevent job losses.[41]

South Africa's high unemployment rate of approximately 33 per cent underscores the urgency of agreeing on detailed plans to manage potential job losses arising from JETP implementation.[42] While the South Africa JETP acknowledges the need for a “just transition,” the plan lacks detailed strategies to address the social impacts of transitioning away from coal. The current plan also lacks considerations for social safety nets to minimize disruptions to livelihoods in local coal-dependent economies.[43] To reduce the social impacts of the transition, the just transition should prioritize social impact assessment.[44] This will identify vulnerable communities and potential job losses, involve affected communities in planning and decision-making processes, and establish social safety nets with unemployment benefits and support programmes for transitioning communities.

In conclusion, a successful energy transition partnership in South Africa requires a people-centred approach that prioritizes the needs of all citizens. This must include the creation of new economic opportunities through renewable energy development and the ensuring of energy equity by reducing disparities in access to clean energy sources. Expanding industries such as solar, wind and green hydrogen could generate employment opportunities. Another economic opportunity lies in community-based renewable energy projects, such as community solar- and microgrids, which can provide much-needed energy access

[36] Stephen Axon and John Morrissey, "Just Energy Transitions? Social Inequities, Vulnerabilities and Unintended Consequences," *Buildings and Cities* 1, no. 1 (2020): 393-411.
[37] "Coal Mining in South Africa," *Minerals Council South Africa*, accessed October 22, 2024.
[38] Adekunle Agbetiloye, "Over 120,000 Jobs at Risk in South Africa's Coal Heartland Transition." *Business Insider Africa*, September 26, 2023.
[39] Hamann, Rennkamp, Kruger, and Musango, "Corruption Undermines Justice in Clean Energy Transitions."
[40] "SCIS News and Opinion Pieces—What Happened to the Just Energy Transition Grant Funding?" *Wits University*, accessed September 15, 2024.
[41] Larissa J. Houston and Oliver C. Ruppel, "Just Energy Transitions in Progress? The Partnership between South Africa and the EU," *Journal for European Environmental & Planning Law* (April 5, 2022).
[42] "Quarterly Labour Force Survey: Quarter 1, 2024," Presentation, *Statistics South Africa*, 2024.
[43] Alex Lenferna, "South Africa's Unjust Climate Reparations: A Critique of the Just Energy Transition Partnership," *Review of African Political Economy* 50 (2023): 491-501.
[44] Thandiwe Chidzungu and Alex Wafer, "Can Social Impact Assessments (SIAs) Be a Sustainable Strategy to Address the Skills Development Gap and Community Sustainability Challenges in Just Energy Transition (JET) Policy Decision-Making? Evidence from the South African Mining Communities of Kriel and Carolina in Mpumalanga," *South African Geographical Journal* 106, no. 1 (2024): 89-108.

to rural areas, ensuring that local communities are economically empowered through greater energy security.

Opportunities and Approaches to Improve JETPs

Given the considerable diversity in the structure of economies and the technical and legal frameworks of energy systems across potential partner countries, it becomes evident that there cannot be a “one-size-fits-all” approach to implementing JETPs. This policy brief identifies the following opportunities:

Strengthening Governance and Institutional Capacity for Successful JETP Implementation

The governance of institutions by recipient countries has not been the primary objective of JETPs. Implementing JETPs successfully requires suitable governance structures and institutional capabilities. Deficient institutions can give rise to malpractice and ineffectiveness and consequently impede advancement. First, it is imperative to emphasize transparency regarding the use of international funds allocated for the JETP. For example, ensuring transparent documentation of global funding and engaging civil society can guarantee the prudent management of resources. Secondly, the complexities of social, political, and administrative factors inherent in the transition to renewable energy further underscore the necessity for targeted capacity building. State intervention, which relies on skilled personnel and well-functioning institutions, mitigates risks for society and potential funders.

Integrating Demand-Side Consideration for Equitable Access to Clean Energy

While JETPs offer a promising path towards clean energy, their current supply-side focus on building infrastructure and promoting renewable technologies does not sufficiently consider the demand side. Demand side considerations could be addressed through targeted financial incentives such as subsidies, aimed at reducing upfront costs associated with clean energy technologies. Such measures would enhance affordability and increase adoption rates of technologies such as solar panels. Furthermore, conducting community needs assessments would identify specific challenges related to grid accessibility, facilitating the deployment of decentralized, off grid renewable energy solutions where conventional grid expansion is prohibitively costly. These approaches collectively support a more equitable and inclusive transition to clean energy by aligning policy initiatives with the socioeconomic realities of underserved communities. Considering both supply- and demand-side dimensions allows JETPs to ensure that clean energy is produced, readily available, accessible, and affordable for all citizens.

Sustainable Debt and Leveraging Public Finance to Attract Private Finance

To accelerate South Africa's energy transition, it is essential to increase the pace at which private capital is mobilized if the country's ambitious decarbonization goals are to be met. In the face of a gap in financing, public funds must be used strategically to close this gap and attract private investment. This can be achieved by deploying de-risking mechanisms such as grants and guarantees, which mitigate high upfront costs, risk of losses, and governance uncertainties. Additionally, implementing regulatory reforms, including easing barriers to power purchase agreements, would improve investor confidence. Project development funds facilities could also be established to ensure bankable renewable energy projects, making them attractive to private investors. A combination of these measures would be important in order to increase the pace of private capital mobilization and to ensure a transition to sustainable energy in South Africa.

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