

JUST ENERGY TRANSITION FINANCE

Comments on behalf of the Fair Finance Coalition
of Southern Africa and the Life After Coal Campaign



FairFinance
Southern Africa

Just Energy Transition Finance: Draft comments on behalf of the Fair Finance Coalition and the Life After Coal Campaign

Compiled and researched by Livia Croset.

Disclaimer: The figures listed throughout this document reflect data available at the time of writing. The analysis made herein is the sole responsibility of the author.

The current brief aims to summarise, from an independent researcher's perspective, the information presented in the [Grant Register](#) (GR), and [Investment](#) and [Implementation](#) Plans, on the status of funding for South Africa's Just Energy Transition.

This work is being done on the behalf of the Fair Finance Coalition of Southern Africa (FFCSA), a civil society coalition that aims to establish principles of fair finance in relation to climate change issues; and the Life After Coal Campaign, a joint civil society campaign, which among other related goals, aims to enable a just transition from fossil fuels. A year into the Just Energy Transition (JET) timeframe, the FFCSA seeks to monitor finance-related information and progress in order to demand that fair finance principles be established within JET practice.

This brief will present fact-based evidence on grant allocations, sources of funding, priority areas, and implementation entities, financial flows and intermediaries, and contracts that have been signed to date. The aim of this investigation is to establish a snapshot of the information available to date, and point to inconsistencies, or areas where clarity, or further information is necessary to form a well-rounded, chronological understanding of financial flows - from funders, to intermediaries, and finally implementing entities.

Additional information will be presented on the role of Development Funding Institutions (DFIs) in the JET, and the implementing entities of Green Hydrogen projects. DFIs are one of the implementing organs of the state, and thus hold a crucial position in the JET as funders and funding intermediaries. Some DFIs such as the Development Bank of Southern Africa and the Industrial Development Corporation, hold functions related to the [Just Transition Financing Mechanism](#) (JTfM), which provides that DFIs play a "vital role in supporting projects and programmes that foster sustainable economic development, job creation, infrastructure development, and environmental sustainability". Their involvement in JET funding and implementation must be scrutinised, and held to account. The Green Hydrogen priority area is a contentious investment, with CSOs questioning the justification for its inclusion within the JET and highlighting the potential for green extractivism. A brief summary of each of its implementing entities will produce a preliminary snapshot from which further investigations and questioning can take place.

The implications of findings will be touched upon, and recommendations made in order for missing, or unclear information to be provided and clarified. These recommendations, from an external perspective, aim to encourage change that increases confidence in the JET, and constructive multi-stakeholder collaboration, which is central to international efforts like these.

The information presented in this report is based on the information and statistics currently available in the JET documents. Undertaking this project has emphasised the importance of increasing clarity and transparency in key areas, and encouraging standards of accountability within the JET process.

FINDINGS

Grant Allocations

Please note that all figures have been rounded to millions or billions, and to the nearest decimal where appropriate.

The JET Grant Register (July 2024) comprises a list of grants dated anywhere between November 2021 to 2030 by original, new and non-IPG members*. The grants are allocated to several priority areas corresponding to the 6 Portfolios listed in the Investment and Implementation Plans. The JET Investment Plan sets out an initial US\$ 8.5 billion IPG pledge, which comprises not only grants, but also concessional loans, commercial loans and guarantees. By the time the Implementation Plan was published (November 2023), this pledge had grown to include pledges by new and non-IPG members, totalling at US\$ 11.6 billion. As of the 30th of June 2024, the Presidency of South Africa released a [Frequently Asked Questions](#) document, citing that the most recent pledge total amounts to US\$ 11.7 billion (The Presidency Republic of South Africa, 2024). As of the publication of an updated Grant Register in July 2024, total allocated grants account for about 5% (or US\$ 613.2 million) of the total international partner pledge (The Presidency Republic of South Africa, 2024b).

When comparing grant totals in each document (see table 1), an important distinction must be made between documents that serve as plans, versus those that represent allocated funding. The Grant Registers only include grants that have been allocated, while the Investment Plan, Implementation Plan, and Presidency FAQ also include grants that are in the planning stage, or still to be allocated. For this reason, it may be that in the future, grants will exceed current plans.

As of now, this distinction explains the discrepancy of US\$ 165.3 million between the initial Grant Register and the Implementation Plan that were both published November 2023; and similarly, the discrepancy between the new Grant Register total (US\$ 613.2 million) and the total planned grants in the Presidency FAQ (US\$ 821 million). Through engagement with the Project Management Unit (PMU), it was clarified that the above difference of about US\$ 208 million corresponds to planned grants (US\$ 84 million), and additional grant pledges by the Spain, Denmark, and the Netherlands still to be allocated to future projects (US\$ 16 million, US\$ 2 million and US\$ 106 million respectively).

In the future, this distinction should be made clearer when publishing new grant information, and where possible, aggregated data on planned and still-to-be allocated grants should be published in order to better monitor funding. Further, a clarification on the differences between pledged grants, planned grants, and allocated grants would be useful to have publicly available for reference.

**During the United Nations Framework Convention on Climate Change's 26th Conference of Parties (COP26), the Just Energy Transition Partnership (JETP) was forged to support South Africa in the Just Energy Transition. This partnership designates the coalition between the South African government, and the governments of France, Germany, the United Kingdom, the United States, and the European Union (forming the International Partnership Group). This original group has since expanded to include Denmark and the Netherlands. Other governments support South Africa with the JET, but are not part of the IPG: Switzerland, Canada, and Spain.*

Table 1: A chronological account of grant pledges

| Official Document | Grant total (US\$ million) |
|--------------------------------------|----------------------------|
| Investment Plan (December 2022) | 329.7 |
| Grant Register (November 2023) | 590.7 |
| Implementation Plan (November 2023) | 756 |
| Presidency FAQ (July 2024) | 821 |
| Grant Mapping Register (August 2024) | 613.2 |

Information regarding grants has been available since November 2023, when the first Grant Register was published, and has been updated periodically since. It must be noted that there is no equivalent register for concessional loans, commercial loans and guarantees, to provide a breakdown of their sources, purpose, or implementing entity. Information pertaining to about 93% (or US\$ 10.9 billion) of the US\$ 11.7 billion pledge is not yet available publicly. The Implementation Plan (p. 58) explains that these will be made available, as well as information pertaining to funds originating from philanthropies and the South African private sector, once the Presidency website is expanded. The PMU has disclosed that a register for concessional loans is currently being developed as a priority. This is a first step in ensuring transparency across all funding types.

Priority Areas

Priority areas listed in the Grant Register correspond to areas mentioned in the Investment and Implementation Plans:

- **Electricity (Electricity Infrastructure, Electricity Sector JET)**
- **Mpumalanga Just Transition**
- **New Energy Vehicles (NEVs)**
- **Green Hydrogen**
- **Skills Development**
- **Municipalities**

The most recent Grant Register (July 2024) no longer distinguishes Electricity Infrastructure and Electricity Sector JET - rather grouping them under the broader 'Electricity' heading. While priority areas broadly correspond between documents, the JET plans tend to group these in a manner that is inconsistent with the Grant Registers.

There are 6 Portfolios in the Investment Plan, three of which are priority areas: Electricity, NEVs, and Green Hydrogen. Electricity Infrastructure, Electricity Sector JET and are defined as 'priority areas' under a broader 'Electricity' Priority Area. The two areas, Skills and Municipalities, are 'cross-cutting' initiatives (The Presidency Republic South Africa, p. 41). These areas are differentiated in some tables, but not in others - meaning some tables offer only a partial understanding of funding needs, and allocations.

Further, the Investment and Implementation Plans do not offer integrated information on IPG Grant allocations per source, to each priority area. This means a direct comparison between the figures listed in the Grant Registers, and the Investment and Implementation Plans is not viable.

The Investment Plan provides some information, however, at times, is not detailed enough to track, or monitor funds as they relate to priority areas:

- Investment needs within each priority area are detailed in the Investment Plan, (pp. 10-13) however, no differentiation is made between investment needs to be fulfilled by IPG grants, versus other sources, or funding types.
- Investment priorities per original IPG member are listed in the Investment Plan (pp. 130-133), however these descriptions are too vague to draw a comparison with data presented in the GR. For instance, French grants totalling US\$ 2.5 million are “intended to contribute to long-term strategic JET planning, advisory services, support for local authorities, and studies, such as the assessment of energy property” (p. 131). These areas do not correspond to either priority areas, or projects in the GR. Additionally, no information of this kind is offered for new IPG members and non-IPG members, omitting a significant part of funding.
- The Investment Plan (p. 7) details priority areas that should be supported using the total \$8.5 billion original IPG pledge: Electricity, NEV and Green Hydrogen. This is the only table that brings together the IPG pledge, as it relates to different priority areas. This being said, for a few reasons, it does not provide sufficient information to create a fair comparison with figures listed in the Grant Register This table once again, centres the original IPG member pledge, making no mention of other funds originating from the Netherlands, Canada, Denmark and Switzerland. Priority areas are not mentioned independently as they are in the GR, and are instead grouped and cross-cut.



Source: 350.org, photographer: Richard Senkondo / OCE

Source of Funding

The Investment Plan, Grant Registers, Implementation Plan, and Presidency FAQ document all detail grants pledged per source (see table 2). At present, the total planned grant amount for the Just Energy transition totals at US\$ 821 million. Allocated grants have increased by US\$ 22.5 million between the publication of the initial Grant Register, and the new Grant Register in July 2024. During approximately the same period (November 2023 and July 2024), planned grant totals have increased from US\$ 756 million in the Implementation Plan, to US\$ 821 million, in the Presidency FAQ. This represents a difference of US\$ 65 million.

Table 2: Grant funding offered by original, new and non-IPG members over time

| US\$ Million | Investment Plan | Initial GR (11.23) | Implementation Plan | Latest GR (07.24) | Presidency FAQ |
|---------------------------|-----------------|--------------------|---------------------|-------------------|----------------|
| EU | 35 | 56.6 | 125 | 56.9 | 125 |
| UK | 24 | 31.1 | 34 | 42 | 42 |
| Germany | 198 | 277.3 | 241 | 285.2 | 292 |
| France | 2.5 | 3.1 | 4 | 3.2 | 4 |
| US | 20.15 | 55.3 | 63 | 54.3 | 62 |
| ACT-CIF | 50 | 50 | 50 | 50 | 50 |
| Original IPG Total | 329.7 | 473.4 | 517 | 491.6 | 575 |
| Denmark | - | 21 | 20 | 20.9 | 23 |
| Netherlands | - | 60.4 | 167 | 60.8 | 167 |
| New IPG Total | - | 81.4 | 187 | 81.7 | 190 |
| Switzerland | - | 34.4 | 35 | 38.6 | 39 |
| Canada | - | 1.2 | 1 | 1.2 | 1 |
| Spain | - | - | 16 | | 16 |
| Non-IPG Total | - | 35.6 | 52 | 39.8 | 56 |
| TOTAL | 329.7 | 590.7 | 756 | 613.2 | 821 |

*JET IP figures are given in US\$ only

Figures are rounded to match the unit (US\$ million) used in the Implementation Plan

Implementing Entities

The Investment Plan (p. 17; p. 137) provides an overview of the JET IP implementation arrangement, detailing direct funding arrangements, as well as the role of intermediary institutions.

Implementing entities are encouraged to implement funding directly. This occurs when funding arrangements are made between the provider of finance (e.g. International donor or Multilateral Development Bank (MDB)) and the implementing institution (e.g. Eskom, a Province, or Municipality) under parameters set by the National Treasury and relevant legal mandates.

Where there is a direct funding agreement between the funding entity and the National Treasury, the National Treasury disburses funds to the relevant implementing organ of state (e.g. Province, Municipality, or DFI) through budget votes or project-specific transfers, as dictated by the National Treasury itself.

A significant amount of grant funding goes through intermediaries because South Africa's project preparation for "this complex work is largely inadequate" (The Presidency Republic South Africa, 2023 p. 60), and because targeted projects for the Just Energy Transition are a new focus for donor funding in South Africa. There is also a possibility for projects to overlap or be duplicated by similar donor-funding initiatives. For this reason, national intermediary institutions such as the Development Bank of South Africa (DBSA), and the Industrial Development Corporation (IDC), manage disbursements of capital from providers of finance to implementing institutions. These institutions oversee projects, which adds complexity to the funding process, as each intermediary institution has their own governance requirements, policies, and procedures.

Where various implementing institutions are needed, as is the case for districts like Mpumalanga, community-level and trade union governance structures are implemented to identify and monitor ongoing projects. In this case, social partners play an intermediary role in facilitating and monitoring efforts.

A majority of implementing institutions are predicted to disaggregate funding packages into locally-managed and customisable projects where appropriate. In this case, Community Based Organisations (CBOs) and NGOs will play a role in project management, either directly or through intermediary Development Funding Institutions (DFIs). Some countries are establishing institutions dedicated to manage fiduciary and operational responsibilities in "transition programming".

Through engagement with the IPG, information was obtained about the use of specialised intermediaries, such as ESMAP for energy research, and TechnoServe for agribusiness work. These operate under pre-existing programmes, and for this reason, do not incur overheads and costs of setting up new programmes, or procurement processes. Both of the aforementioned entities appear in the Grant Register, either under the 'Parties and other key beneficiaries', or 'Activities and detailed descriptions' columns, however, their roles are not specified. Without clearer denotation in the Grant Register, or explanation within the implementation plan, the use of these pre-existing programmes cannot be tracked or monitored. It remains unclear which other entities fill the same role, and in what capacity. The specification of this information in the upcoming Grant Register would be useful, especially given that these programmes and entities are not touched upon in the Implementation Plan, where the role of intermediaries are described. Because reporting on this would be data heavy, the simple integration of hyperlinks in the GR of the party or beneficiary websites where project information is detailed, would allow for those involved in monitoring efforts to further acquaint themselves with JET implementing processes. Information on each project should be available on the beneficiary or party website as well.

The Grant Register provides additional information as to ‘parties and other beneficiaries’ involved with each grant listed. For instance, The Northern Cape Provincial Government is a party, or beneficiary to a US\$ 22 353 grant by the United Kingdom to ICLEI Africa. The ‘Activities & Detailed Descriptions’ column offers a brief qualitative summary of these interactions. As per the example above, the Northern Cape Provincial Government will work with the Northern Cape Sustainable Energy Sector Support (SESS) to create an environment suitable for a small-scale sustainable energy industry. While these additional columns provide useful information pertaining to stakeholders for each grant, there is no indication as to these entities’ involvement with the respective implementing entity, or how funds flow between them. A chronological account of financial flows between entities, along with corresponding quantitative data would provide a clearer picture of each grant’s lifecycle – from funding to implementation.

Financial Flows and Intermediaries

The Grant Register does not elaborate on financial flows and intermediaries, however it lists the funder, implementing entity, parties, and other beneficiaries involved in each grant. This helps to create some understanding as to financial flows, however, it remains difficult to map the chronological flow of funds from source to implementing entity, and the capacity in which each intermediary is involved.

The Investment Plan (pp. 130-133) provides a brief summary of financial flows from lenders to original IPG members. The European Union offers funds through the European Investment Bank; France, via its development agency, the AFD; Germany, through the German Agency for International Cooperation (GIZ) and the KfW Development Bank, which at times are listed as implementing entities on behalf of Germany in the Grant Register; part of the UK pledge was offered by the British International Investment (BII), the Private Infrastructure Development Group (PIDG) and the private sector; and the USA, through United States Trade and Development Agency (USTDA), USAID, Power Africa and the State Department.

Such information is not available for new, and non-IPG members, and in cases where more than one lender is involved, no information is provided as to each entity’s involvement. While Denmark and the Netherlands have not made pledges through their DFIs, it is unclear which intermediaries are used, if at all; and what the case is for other international partners, such as Switzerland, Spain, and Canada. It is important that intermediaries be listed, as this helps identify which entity civil society organisations should approach for grievance mechanisms.

In some cases, intermediaries such as DFIs, DBSA, and IDC manage the flow of capital from providers of finance to implementing institutions, however no information of this sort is provided for specific transactions, like the ones in the Grant Register (The Presidency Republic South Africa, 2022, p. 137).

In 2024, the JET Funding Platform, a service provided by the JET Project Management Unit (PMU), is meant to be made available for JET grant funders to be matched with implementing institutions (The Presidency Republic South Africa, 2023, p. 59). This Platform is not yet publicly available, but could serve as a useful tool to identify financial flows between funders, intermediaries and implementing institutions, so that financial flows can be tracked and monitored. This, however, would require the PMU to make this platform available, and guarantee complete transparency.

Contracts

Contracts are an official means to demonstrate that a project has been confirmed, and is underway. They are a useful tool for implementing entities to be held accountable for the management of projects they have received funds for. Contracts must be made publicly available in order for funders and external stakeholders to monitor and evaluate how funds are used in order to achieve the JET goal of a transition to a low carbon economy.

Until now, no integrated source is available online to list the contracts that have been signed within each priority area. According to the Investment Plan (p. 137), implementing and intermediary entities are responsible for reporting and tracking the status of each project on the JET Results Monitoring System. This platform is not yet publicly available. The JET Funding Platform, which would provide transparent data and analysis on the deployment of grant funds and JET projects is also yet to be made available. In the absence of contracts, these sources would provide some insight into the status of project implementation.

Engagement with the IPG clarified the inherently confidential nature of some JET-related contracts (e.g. contracts between government and implementing entities). It is important to consider, in these instances, the public interest in accessing information related to contract terms and conditions, even in a redacted form.

Similarly, IPG members explained the use of country-specific platforms, such as the Dev Tracker IATI compliant website for the United Kingdom, to publish key grant contract information. The use of these platforms should be communicated publicly by all IPG members using a similar system.

Development Finance Institutions (DFIs)

DFIs are the implementing organ of state, holding much of state-related responsibility when it comes to the Just Energy Transition. They assume various roles in the funding process – as primary funders, intermediaries and implementing entities. The FFCSA works to ensure that DFIs invest in an environmentally and socially responsible manner in the South African, and broader African context.

A variety of financial sources are required to reach the ZAR 1480 billion funding needs for the JET – public (DFIs, Multilateral Development Banks (MDBs)), private, IPG offers, philanthropies, corporate social investments, impact investors and commercial investors (The Presidency Republic South Africa, 2022, p. 28).

DFIs are public investors to the JET, along with MDBs. Out of the total ZAR 1480 billion JET funding needs, public investors contribute ZAR 150 billion. ZAR100 billion will be funnelled to the Electricity priority area, and the remaining 50 split equally between NEV and GH priority areas (The Presidency Republic South Africa, 2022, p. 124). These investments take the form of commercial, grant and guarantee funding (The Presidency Republic South Africa, 2022, pp. 126-127).

South Africa's DFI investments to the energy transition are at varying stages of finalisation. The International Development Corporation's (IDC) involvement is valued at ZAR 24.5 billion, and pipeline projects at ZAR 12.3 billion. The New Development Bank (NDB) has existing JET-related finances amounting to ZAR 81 billion (US\$ 5.4 billion), and a new pledge of ZAR 45 billion (US\$ 3 billion) over the next 5 years in co-financing investments for decommissioning coal-fired power stations, transmission line investment and Green Hydrogen (The Presidency Republic South Africa, 2022, p. 125). It is unclear what the timelines are for these investments, specifically for existing ones, which may have been pledged before 2023. Along with the South African government, DFIs are a key contributor to the manufacturing of renewable energy technologies and batteries), and have taken the lead in providing blended financing support to NEV project developers and municipalities (The Presidency Republic South Africa, 2023, p. 74; p. 124).

DFIs are sometimes used as an intermediary institution, to manage the flow of capital from a provider of finance to the implementing entity (The Presidency Republic South Africa, 2022, p. 137). DFI funding is also deployed as a means to mobilise additional local and international private sector capital (The Presidency Republic South Africa, 2022, p. 125).

As previously explained, DFIs can also be implementing entities on behalf of the National Treasury, where there is a direct agreement between the funding entity and the National Treasury. DFIs, as an organ of state, can hold a similar role as Provinces and Municipalities in implementing funding through budget votes or project-specific transfers (The Presidency Republic South Africa, 2022, p. 137).

No further information is provided on DFI involvement within priority areas – from the DFIs involved, to the financial instruments deployed, funding amount, or purpose of funding. The concrete involvement of DFIs in JET funding remains unclear, and hard to trace. DFIs, like any other implementing or intermediary institutions, are required to report to the national JET IP Results Monitoring System, however this platform is not publicly available. As a result, reports cannot be monitored, and it is difficult to establish whether they have been compiled in the first place. This reporting system should be extended to all financial stakeholders in the JET, in order to allow for the chronological flow of funds to be not only available, but verifiable. Relevant aggregated information on DFI involvement using a similar format to the Grant Register would be a first step in ensuring transparency, and ultimately accountability.

Green Hydrogen

The Green Hydrogen Priority Area is of particular concern to local CSOs, who beyond concerns about its practical implementation, use and export, are noticing that a majority of investments are focused almost entirely on feasibility and pre-feasibility projects - ultimately to satisfy international demand (Thayer, 2022). This priority area is delved into purposefully because of the above concerns, singular to green hydrogen. The information below aims to provide a foundation from which further discussions and research can be addressed - in terms of the implementation of a green hydrogen market in South Africa, its funders, implementers, and implications.

Africa is considered key in the production of green hydrogen due to the availability of renewable energy resources used as feedstock for its production. The production of green hydrogen, however, replicates systems of extractivism that are central to fossil-related energy sources (Tost, 2024). It demands of the host country to expend large financial, industrial and natural resources to contribute to an uncertain market. This presents a large risk to the South African economy, especially when current funds and efforts are directed towards international actors, or local fossil fuel conglomerates.

The Green Hydrogen Priority Area receives a total of US\$ 140.8 million (ZAR 2.4 billion) in grant pledges between 2021 and 2029, and US\$ 25 million (ZAR 425 million) in grant pledges as of 2023. Here, a brief summary of each implementing entity for the Green Hydrogen Priority Area will be provided, along with a brief description of their role in the implementation of given funds.

KfW

KfW is both a lender, and implementing entity for German grants. KfW is a bank and development institution that serves the German Federal Government to achieve its goals related to development and international development cooperation. KfW finances and supports programmes and projects in emerging economies, like South Africa – from conception, to execution and monitoring (KfW, 2024). It offers grants, low-interest credit and long-term loans. For environment and sustainability projects, KfW focuses on funding and promotional activity (KfW, 2024b).

Germany has pledged nearly US\$ 25 million (ZAR 424 million) for KfW to conduct promotional activities related to green hydrogen. The project is dated 2023-2029, but one year into the project, private and public companies that are party, or beneficiary to these funds have not been decided yet.

UK Pact

UK Pact offers grant funding for long-term capacity-building projects, the mobilisation of expertise for skill-sharing, and secondment opportunities. UK Pact funds projects to support partner countries to reach their targets in carbon-emissions reduction in line with their NDCs to transition to low carbon development (UK Pact, 2023).

In 2023, UK Pact received a grant of nearly US\$ 50 thousand (ZAR 845 thousand) through the UK, for a project taking place from September 2023 to manage green hydrogen research, development and innovation programmes, and support the set-up of the Energy Secretariat.

Tetra Tech

Tetra Tech is a US-based global provider of consulting and engineering services ranging from water, to sustainable infrastructure and renewable energy (Tetra Tech, 2024). It operates throughout Africa, and works along with a network of implementation partners and NGOs on the ground, where it provides “planning, siting, permitting, cost/benefit analysis, engineering, and data management services” for clients interested in the development of a hydrogen market (Tetra Tech, 2024b; Tetra Tech, 2024c).

The USA provided Tetra Tech with a grant of over US\$ 50 000 (ZAR 877 000) to support the Department of Mineral Resources with the development of a framework for green hydrogen economy. No further information is provided regarding this framework.

World Bank

The World Bank is one of the largest sources of funding for developing countries. It works in all major areas of development by providing a wide range of financial products and technical assistance, and helping to share and implement knowledge and solutions to challenges recipients face. The World Bank comprises five institutions to tackle poverty, increase prosperity and promote sustainable development (World Bank Group, 2024).

For the JET, the World Bank is an implementing entity for a grant pledged by the UK, amounting to about US\$ 2 million (ZAR 34 million) to assist the Clean Energy Innovation Facility (CEIF) with a pilot project for the production of green ammonia for shipping fuel between 2021 and 2023 (World Bank Blogs, 2023).

GIZ

GIZ, the German Agency for International Cooperation is an implementing entity for the JET. It is a service provider for sustainable development and international education, with a focus on international cooperation. GIZ works with businesses, civil society and research institutions in the field of development policy. It helps its partners to generate ideas and plans for political, social and economic change, ready for implementation (GIZ, 2023).

GIZ is the implementing entity for two green hydrogen projects, focusing on pathways for Power-to-X (green ammonia, sustainable aviation fuel), and the promotion of a hydrogen economy. Both projects are dated 2021 to 2025, amounting to about US\$ 20 million (ZAR 340 million).

Members of the German IPG have clarified that further information on projects implemented by GIZ is available online, through the GIZ, IKI, and International PtX hub websites. It would be useful for these websites to be linked in updated Grant Registers when available.

The Webster Group

The Webster Group was hired by the United States Trade and Development Agency (USTDA) to arrange and manage a series of events to promote cooperation between the United States and South Africa on topics ranging from green hydrogen, to municipal energy and transmission and distribution (USTDA, 2023). This falls in line with a grant pledged by the United States (US\$ 974 746, ZAR 16.6 million) to produce a clean energy and climate infrastructure event series between 2022 and 2023.

The Webster Group has facilitated a range of events and workshops within this time period, focusing on green hydrogen, and new approaches to African cross-border payments in support of trade and investment between the United States and Africa (USTDA, 2023b). Since then, the USTDA has hosted a public finance briefing, where US companies learned about commercial opportunities in South Africa, raising questions about the intentions of investment in the field, and who is truly to benefit from them (USTDA, 2024).

SASOL Germany GmbH, Helmholtz Centre Berlin (HZB), Karlsruhe Institute for Technology (KIT), Fraunhofer Institute, INERATEC GmbH

Together, a group of implementing entities were offered a grant by Germany (US\$ 32.4 million; ZAR 552.4 million) between 2022 and 2024 to conduct research into the field of sustainable kerosene. This research focuses on the development of catalysts for the production of alternative green fuel so that sustainable aviation fuels can be produced. Since, INERATEC has signed a contract with SASOL, who will provide it with catalysts for the production of green kerosene (INERATEC, 2024).

SASOL Germany GmbH is one of SASOL's German operations. SASOL is a South African global chemicals and energy company, leading in the development and research of green hydrogen (SASOL, 2024; SASOL, 2024b). The inclusion of SASOL as a beneficiary to this large grant seems counterintuitive, given it is South Africa's biggest greenhouse gas emitter due to its fossil fuel-heavy operations (Centre for Environmental Rights, 2022). This poses a range of questions regarding the integrity of the project, and once again, regarding who will truly benefit from these projects.

The rest of the implementing entities for this project are research institutions. Helmholtz Centre Berlin (HZB) is a research centre for energy materials research, focusing on technologies for climate-neutral energy supply (HZB, n.d.). Karlsruhe Institute for Technology (KIT) is a German national research centre and technical University (KIT, n.d.). Fraunhofer Institute is a German applied research organisation that prioritises research into future technologies (Fraunhofer, 2024). INERATEC GmbH is a German company pioneering the post-fossil fuel age, by developing and manufacturing synthetic fuels and chemicals from renewable energy sources (INERATEC, 2024).

Helmholtz Centre Berlin; Helmholtz- Forschungszentrum Jülich GmbH; University of Cape Town; Nelson Mandela University; Council for Scientific & Industrial Research (CSIR); Hydrogen Energy Applications (Pty) Ltd (HYENA); Sasol Ltd; SHV Energy N.V

These entities received a grant from Germany, for a total of US\$ 32.4 million (ZAR 552.4 million) to develop green liquified fuel gas in Southern Africa. This project started in 2022 and is due to finish in 2025.

A majority of the implementing entities are research institutions, or Universities. Helmholtz Centre Berlin is a research centre for energy materials research, focusing on technologies for climate-neutral energy supply (HZB, n.d.). Helmholtz- Forschungszentrum Jülich GmbH is a German research institute that focuses, among others, on energy and the environment (Helmholtz Association, 2024). The University of Cape Town is a top-ranking South African University, which focuses on innovative research (University of Cape Town, 2024). Nelson Mandela University conducts innovative research, with a primary focus being sustainability (Nelson Mandela University, 2023). The Council for Scientific & Industrial Research (CSIR) is a South African scientific and technology research organisation that also develops and delivers technologies in an attempt to better South Africa's socio-economic standing (CSIR, 2024). Hydrogen Energy Applications (Pty) Ltd (HYENA) is a company created by the University of Cape Town, that created a hydrogen-based replacement for diesel generators called POWER POD, and focuses on hydrogen-based electric power applications (HYENA, 2024).

Once again, SASOL is a beneficiary to the grant, as well as SHV Energy N.V., a Dutch Energy provider that focuses mostly on Liquefied Petroleum Gas (LPG), and Liquefied Natural Gas (LNG), while claiming to provide low-carbon solutions (SHV Energy, n.d.). The involvement of both of these companies is worth recognising and addressing, in the hopes of being provided with some clarifications as to this decision.

Undefined Implementing Entities

Two green hydrogen projects have undefined implementing entities. The first, is a project aiming to develop the green hydrogen sector and circular economy in South Africa, funded by the Netherlands by a total of US\$ 54 million (ZAR 920 million). No implementing entity is listed, nor are start or end dates. This grant is too vague to be monitored, and its status should be clarified.

The second is a project aiming to accelerate the green hydrogen economy through the funding of research and seminars. It is once again funded by the Netherlands (US\$ 2.2 million; ZAR 36.8 million), and is meant to fund the project between 2022 and 2025. Two years into the project, implementing entities are yet to be listed. No specification is offered regarding the topics, facilitators or beneficiaries of the research and seminar activities listed as project goals. Due to these blind spots, the task of monitoring financial flows is made even more arduous.

Most Green Hydrogen projects correspond to research, education, framework-building and promotional activities. While these efforts are necessary in building a foundation for the production of green hydrogen, the colossal deployment of funds for feasibility and pre-feasibility projects to foreign institutions, companies, and local fossil fuel conglomerates raises the following question: who is truly to benefit from these expenditures?

CONCLUSION AND RECOMMENDATIONS

With international efforts such as the Just Energy Transition, it is imperative that civil society as a whole be able to monitor, track and keep the government, relevant companies, and organisations accountable for the funds that they deploy and receive. As was made clear in this report, the information available in the three JET documents does not suffice to create a chronological, well-rounded snapshot of JET funding to date. As a result, meaningful collaboration between civil society and relevant governmental authorities is made difficult, when collaboration is an imperative step to bringing the JET vision to fruition. In order to bridge this gap, the reporting mechanism for JET funding must be improved, in terms of clarity, transparency and accountability.

1. **Clarity** - JET documents must be clearer and more consistent in order to be accessible and comprehensible across all stakeholders
2. **Transparency** - Reporting entities must be responsible for making information publicly available and ensuring it is comprehensive and integrated
3. **Accountability** - Relevant stakeholders and authorities must fulfil their obligations in line with standards for reporting and monitoring set in the JET Investment and Implementation Plans. They must communicate, with clarity and transparency, to build faith in JET governance, and encourage constructive collaboration with CSOs

Clarity

A major barrier to the understanding of quantitative information presented in the JET documents is the lack of clarity with which data are presented throughout. The current JET documents do not offer an opportunity for meaningful assessment and cooperation from civil society organisations.

Chronological funding information is presented in a fragmented manner, from document to document. Along with the timely publication of updated Grant Registers, an integrated platform on which grant allocations per source are featured as they are updated, would be a useful tool for those in charge of monitoring JET funding in real time.

The PMU has clarified that the difference in grant totals between JET documents can be explained by the status of grants - some reflect allocated grants, and other planned or still-to-be allocated grants. Clarifying the difference between planned, pledged, and allocated grants would be useful for future monitoring efforts.

Further information should be made available with regards to contract information, and intermediary and implementing entities, as stated previously. Engagement with the IPG has offered clarity to some queries raised, however, a more straightforward reporting system would allow for monitoring entities to retrieve information online, rather than through communications with IPG members. Contract information should be made available across the board, even if this means publishing redacted documents where confidentiality is at stake. The chronological flow of funds from funders, to intermediaries and implementing entities remains blurry. Where funds have been implemented, this information could be clarified within the updated versions of the Grant Register in the 'Activities & Detailed Descriptions' column, or within the JET Results Monitoring System, or JET Funding Platform once it is made available online.

Further, the grouping of information often seems arbitrary, as is the case with the presentation of priority areas. In some instances, priority areas are mentioned independently, and in others, are grouped or cross-cut. Henceforth, priority areas should not be cross-cut or grouped, and should instead be considered individually, as they are in the Grant Register. This will allow for consistency across documents, and simplify the monitoring process.

Finally, information regarding the role of other funding instruments in contributing to priority areas is not yet available. While the Implementation Plan clarifies that this will be made available once the Presidency Website is expanded, no clear timeline is available. Given that funding instruments other than grants account for 97% of JET funding so far, it is crucial that further information be published in the shortest of delays.

Transparency

Adjacent to the issue of clarity is the lack of transparency at the hands of the finance-related stakeholders, the PCC, and PMU who are responsible for making this information available publicly. The JET funding platform, which would partly solve the issue of transparency is meant to be made available this year, however, its anticipated release date is not yet known. A year and a half into the JET timeframe, the PMU, which sits in the presidency, and is in charge of this platform does not yet have a website. This website could serve as a hub, for updated documents, and frequently-asked-questions to be answered in relation to JET funding.

Similarly, the national JET IP Results Monitoring System, to which all implementing entities must report timelines and completion of projects is not publicly available. While reporting is the responsibility of implementing entities, the relevant authorities are responsible for ensuring that this information is made publicly available to ensure full transparency.

Accountability

Strong accountability is crucial, and when it is in place, allows for streams of feedback, which are essential in systems that value progress. CSOs are important stakeholders in the JET process, both in their contribution to JET efforts, but also in their responsibility to, and insistence on pointing to inconsistencies and areas of improvement. Accountability for the reporting of JET financial information is indicative of good governance, and ensures that relevant authorities are acting in the interest of decarbonisation, and the South African population. Legitimacy and trustworthiness can be cultivated if missing and unclear information is made available in the shortest of delays, and systems put in place for a culture of clarity and transparency.

MISSING DOCUMENTS, PLATFORMS AND WEBSITES

A list of documents and platforms that should be made publicly available in order to better understand JET funding and ameliorate the monitoring process are listed below:

- **Registers for concessional loans, commercial loans, guarantees and other funding types** are due to be included in the Presidency website once it is expanded. It is important to expand this effort to include every stream of funding.
- **The JET Funding Platform**, as mentioned in the Implementation Plan, is meant to provide “the public with transparent data and analysis on the deployment of grant funds and JET projects” (p. 58). It is meant to be published in 2024, it is yet to be released
- **The PMU website**, which is meant to publish the JET Funding Platform, is not available. It is understood that the PMU website, as well as revised registers are meant to be made available in October. It is crucial that this timeframe be respected to ensure crucial information is made available in the shortest of delays. It is also a priority to receive clear information on the entity responsible for this process.
- **The National JET IP Results Monitoring System**, as mentioned in the Investment Plan (p. 137) is meant to be reported to by all implementing institutions on the status of projects undertaken.



Source: 350.org, photographer: Joe Ibro

Just Energy Transition Finance
#REPO

References

- Centre for Environmental Rights. (2022). *Sasol AGM 2022: Holding SA's biggest private polluter to account*. Retrieved from: <https://cer.org.za/news/sasol-agm-2022-holding-sas-biggest-private-polluter-to-account#:~:text=Fossil%20fuel%20company%20Sasol%20Limited,impacted%20fenceline%20communities%20for%20decades>.
- CSIR. (2024). *The CSIR in Brief*. Retrieved from: <https://www.csir.co.za/csir-brief>
- Ecdpm. (November, 2023). *Two years into South Africa's Just Energy Transition Partnership: How real is the deal?* Retrieved from: <https://ecdpm.org/application/files/1317/0107/6651/Two-Years-Into-South-Africas-Just-Energy-Transition-Partnership-How-Real-Is-Deal-ECDPM-Briefing-Note-174-2023.pdf>
- ESMAP. (2023). *Energy Sector Management Assistance Program: Annual Report 2023*. Retrieved from: https://www.esmap.org/sites/default/files/esmap-files/World%20Bank%20ESMAP%20AR%202023_DIGITAL.pdf
- Fraunhofer. (2024). *About Fraunhofer*. Retrieved from: <https://www.fraunhofer.de/en/about-fraunhofer.html>
- GIZ. (2022). *Promoting green hydrogen*. Retrieved from: <https://www.giz.de/en/worldwide/108108.html>
- GIZ. (2023). *GIZ Profile: sustainable development for a liveable future*. Retrieved from: <https://www.giz.de/en/aboutgiz/profile.html>
- GIZ. (2024). *Internship: x2 Promoting a Green Hydrogen Economy in South Africa (H2.SA) Programme*. Retrieved from: <https://www.giz.de/en/worldwide/140740.html>
- Helmholtz Association. (2024). *Forschungszentrum Jülich*. Retrieved from: <https://www.helmholtz.de/en/about-us/helmholtz-centers/centers-a-z/centre/forschungszentrum-juelich/>
- HYENA. (2024). *About*. Retrieved from: <https://www.hyena.com/about/>
- HZB. (n.d.). *Helmholtz-Zentrum Berlin*. Retrieved from: https://www.helmholtz-berlin.de/index_en.html
- INERATEC. (2024). *INERATEC secures state-of-the-art catalysts from Sasol for the production of sustainable e-fuels*. Retrieved from: <https://www.ineratec.de/en/news/ineratec-secures-state-art-catalysts-sasol-production-sustainable-e-fuels>
- KfW. (2024). *Our tasks and goals*. Retrieved from: <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Tasks-and-goals/>
- KfW. (2024b). *Environment and Sustainability*. Retrieved from: <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Topics/Environment-and-sustainability/>
- KIT. (n.d.). *Research University in Helmholtz Association*. Retrieved from: <https://www.kit.edu/english/>
- Nelson Mandela University. (2023). *Research, Innovation and Internationalisation: Making a Difference*. Retrieved from: <https://www.mandela.ac.za/Research,-Innovation-and-Internationalisation>
- SASOL. (2024). *About Us*. Retrieved from: <https://www.sasol.com/who-we-are/about-us>
- SASOL. (2024b). *Sasol confirms Boegoebaai potential and commences search for partners*. Retrieved from: <https://www.sasol.com/boegoebaai>
- SHV Energy. (n.d.). *What we do*. Retrieved from: <https://www.shvenergy.com/what-we-do>
- State Of the Nation Address. (2024). *JET IP Grant Mapping Register*. Retrieved from: <https://www.stateofthenation.gov.za/assets/downloads/JET%20Grants%20Register%20-%20Public%20Nov2023.pdf>
- Tetra Tech. (2024). *About Us*. Retrieved from: <https://www.tetrattech.com/about/>
- Tetra Tech. (2024b). *Hydrogen*. Retrieved from: <https://www.tetrattech.com/solutions/energy/hydrogen/>
- Tetra Tech. (2024c). *Where We Work*. Retrieved from: <https://www.tetrattech.com/about/where-we-work/>

Thayer, N. (2022). *International Government Hydrogen Updates: Africa*. Retrieved from: <https://www.fchea.org/transitions/2022/8/15/international-government-hydrogen-updates-africa>

The Presidency Republic of South Africa. (2023). *Just Energy Transition Implementation Plan 2023-2027*. Retrieved from: <https://www.stateofthenation.gov.za/assets/downloads/JET%20Implementation%20Plan%202023-2027.pdf>

The Presidency Republic of South Africa. (November, 2022). *South Africa's Just Energy Transition Investment Plan (JET IP) for the initial period 2023-2027*. Retrieved from: <https://www.stateofthenation.gov.za/assets/downloads/climate/South%20Africa%20JET%20IP%202023-2027%20At-a-Glance.pdf>

The Presidency Republic of South Africa. (2024). Grant Register Frequently Asked Questions. Retrieved from: <https://www.stateofthenation.gov.za/assets/downloads/climate/Grants%20register%20FAQs.pdf>

The Presidency Republic of South Africa. (2024b). JET Grants Register. Retrieved from: <https://www.stateofthenation.gov.za/priorities/growing-the-economy-and-jobs/just-transition-to-a-low-carbon-economy>

The World Bank Group. (2024). *Who We Are*. Retrieved from: <https://www.worldbank.org/en/who-we-are>

Tost, A. (2024). *Green Hydrogen: fueling just decarbonization or 'greening' extractivism?* Retrieved from: <https://www.rifs-potsdam.de/en/events/green-hydrogen-fueling-just-decarbonization-or-greening-extractivism>

UK Pact. (2023). *About UK Pact*. Retrieved from: <https://www.ukpact.co.uk/about>

University of Cape Town. (2024). *Research and Innovation Overview*. Retrieved from: <https://uct.ac.za/research-innovation/research-innovation-overview>

USTDA. (2023). *Meet the Team*. Retrieved from: <https://www.usafricafinancialinclusion.com/the-webster-group-team>

USTDA. (2023b). *Meet Financial Services Decision-Makers From Sub-Saharan Africa*. Retrieved from: <https://www.usafricafinancialinclusion.com>

USTDA. (2024). *USTDA Advances South Africa's Green Hydrogen Ambitions*. Retrieved from: <https://www.ustda.gov/ustda-advances-south-africas-green-hydrogen-ambitions/>

World Bank Blogs. (2023). *Green Shipping Fuels Made in South Africa*. Retrieved from: <https://blogs.worldbank.org/en/transport/green-shipping-fuels-made-south-africa>

fairfinancesouthernafrica.org

info@fairfinancesouthernafrica.org



**African Climate
Reality Project**



OXFAM
South Africa



Centre for
Environmental Rights
Advancing Environmental Rights in South Africa

+350 Africa.org

CALS

Centre for Applied
Legal Studies



FairFinance
Southern Africa