

Workshop on Mobilising Finance for a Just Transition

Venue: Hilton Hotel, Sandton

Monday, 18 March 2024

09h00 – 14h00

As an emissions intensive and coal-dependent economy, South Africa's climate transition faces substantial social risks. These risks emanate primarily from anticipated employment shifts in the mining, energy, automotive and industrial sectors. There are also physical climate impacts that threaten the livelihoods of those working in agriculture and tourism. These sectors not only contribute a substantial proportion of formal and informal employment but in a context of extreme inequality, income poverty and structural unemployment, income from these jobs very often supports a wide range of dependents through remittances to labour-sending areas.

South Africa's Just Transition Framework, developed by the Presidential Climate Commission and adopted by Cabinet in August 2022, has at its core a focus on an equitable sharing of risks and opportunities in the climate transition. It supports structural shifts in the economy that broaden economic participation and improve the quality life for all South Africans. Envisaged measures include economic diversification, localization of value chains, SMME support, skills development, active labour markets, building community resilience and social support, amongst others. However, financing the country's just transition requires an enormous amount of funding, recently estimated to be R2 trillion up to 2050 (this is in addition to costs associated with mitigation and adaptation).

Conventional sources of private and public funding will be unable to meet these financing needs. Instead, a diverse mix of funding across the capital spectrum (e.g., public finance, grants, concessional debt, commercial debt, and equity) will have to be mobilized. Financing the social or just elements of the transition are particularly new and complex – and hence this project, which aims to examine how the country might establish mechanisms to enable financing of the just transition at scale.

The PCC has commissioned research and put forward draft proposals for a Just Transition Financing Mechanism. Certain key functions have been identified that need to be performed by one or more institutions. These functions include tagging, pipeline development, project design, matchmaking, financial structuring, blending and implementation support, amongst others. The proposals have been published for public comment, and the PCC will be taking comments on board, as well as the feedback from this workshop, before finalising its recommendations to the President and Cabinet. The questions we propose are considered by this workshop are:

- How do we define what constitutes a 'just transition' project, and what are the criteria that should inform the tagging framework?
- What functions should be performed by a Just Transition Financing Mechanism?
- What institutional arrangements are needed to support financing of the just transition (e.g. centralised vs. decentralised; single fund or funds; one or more mechanisms; public vs. private)?

AGENDA

The agenda for the workshop is as follows.

Facilitator: Dipak Patel, PCC Head of Climate Finance

No.	Time	Item
1	09h00 – 09h30	Arrival, tea & registration
2	09h30 – 09h45	Setting the scene – input by Executive Director, PCC
3	09h45 – 10h45	Panel Discussion on approaches to finance just transition at scale, <ul style="list-style-type: none"> Development Bank of South Africa (DBSA), National Treasury (NT), Industrial Development Corporation (IDC), JET-IP PMU, TIPS and PCC representatives Open discussion with audience participation
4	10h45 – 11:15	Tea Break
5	11h15 – 12h15	Focus group discussions to delve into three key questions <ul style="list-style-type: none"> Tagging framework for Just Transition projects Functions required to support Just Transition financing Institutional arrangements for Just Transition financing
	12:15 – 12:50	Feedback from breakaways and plenary discussion
5	12h50 – 13h00	Closing
6	13h00 – 14h00	Lunch and networking