



**PRESIDENTIAL  
CLIMATE COMMISSION**  
TOWARDS A JUST TRANSITION

# THE PRESIDENTIAL CLIMATE COMMISSION'S SECOND ANNUAL REVIEW

1 APRIL 2022 - 31 MARCH 2023

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# **The Presidential Climate Commission's Second Annual Review**

1 April 2022 – 31 March 2023

# Contents

<b>A Message from the Chair</b> .....	<b>4</b>
<b>A Message from the Deputy Chair</b> .....	<b>5</b>
<b>A Message from the Executive Director</b> .....	<b>7</b>
<b>A Decisive Year: The Presidential Climate Commission in Action</b> .....	<b>10</b>
Finalising a Just Transition Framework for South Africa .....	10
Building a Social Compact to Support a Just Transition .....	11
Defining a More Sustainable Electricity Mix To Reduce Emissions and Improve Energy Security .....	13
Enhancing Climate Resilience .....	15
Mobilising Finance Towards a Just Transition .....	16
<b>Financial Report</b> .....	<b>17</b>
<b>Looking Ahead</b> .....	<b>21</b>

## A MESSAGE FROM THE CHAIR

H E President Matamela Cyril Ramaphosa



The past year was difficult for many South Africans. In April 2022, devastating rains and flooding severely affected KwaZulu-Natal, Eastern Cape, and the North West province, destroying critical infrastructure. Homes, bridges, and buildings were washed away. Nearly 500 people lost their lives. Many parts of the country again experienced flooding in February 2023. At the same time, parts of the Eastern Cape continue to struggle with a long-term drought, affecting communities and farmers in the region. These disasters are a tragic reminder of the impact that climate change is having in our country, with the poor and vulnerable communities in our nation often the most affected.

Against the backdrop of these catastrophic climate events, our country continued to struggle with another significant challenge—energy security. Years of mismanagement, ineffective maintenance, state capture and corruption have eroded the ability of our national utility to provide continuous power, resulting in an electricity system that is under severe constraint. Load shedding affects all South Africans, and is harming jobs, businesses, and our country's economic competitiveness. Fixing and transforming the electricity system is our foremost priority, with our eyes firmly on the longer-term shift to more sustainable and cleaner forms of energy. As we undertake this transition, we are committed to doing it justly and at a pace our country can afford.

The work of the Presidential Climate Commission is now more important than ever. I established this Commission in 2020 to oversee and facilitate a just transition in South Africa—helping our country to manage the transition to a low-carbon and climate-resilient economy in ways that put people at the heart of decision-making. The just transition is about maximising opportunities for new investments, new industrialisation, and new jobs in the shift towards a cleaner economy. I am glad that the Presidential Climate Commission is guiding much of this work, and, in doing so, is building a new model for inclusive and collective decision making, incorporating the people, be they workers and communities that are most affected in the transition.

As I said in my State of the Nation Address on 9 February 2023, we are, at our most essential, a nation defined by hope and resilience. While the path may look daunting, I am confident in our ability to meet the challenge and emerge stronger, while ensuring that we leave no one behind.

**Mr Matamela Cyril Ramaphosa**

President of the Republic of South Africa

Chairperson of the Presidential Climate Commission

April 2023

# A MESSAGE FROM THE DEPUTY CHAIR

Mr Valli Moosa

Over the past year, our country continued to shoulder the devastating impacts of climate change. Floods, droughts, and extreme downpours were experienced across the country, all bearing the fingerprints of a changing climate—impacts that are expected to worsen over the coming decades. It is no surprise that last year's IPCC's Sixth Assessment Report issued a "code red for humanity," showing how human activity is changing the climate in unprecedented and sometimes irreversible ways. The Synthesis Report of the IPCC, released in February this year, confirmed the findings of the three previous AR6 reports; however, the message is clear that we still have an opportunity to mount a concerted climate change response if we act now, and urgently, as a united global community.

The evidence is clear that significant transformations are required across all sectors of our economy to tackle climate change. These changes must be made in ways that improve the lives and livelihoods of all South Africans, with a particular focus on those most impacted in the transition. This is the departure point for all our work at the Presidential Climate Commission.

While the challenge is as great as ever, I find hope in our work, our impact, and in what we have already achieved together. The past year was a big one for the Commission, we finalised the Just Transition Framework with broad social consensus, and handed it over to the President, our Chair, last July. The Framework was subsequently adopted by Cabinet in August 2022, setting out the vision that will guide the transition in the years ahead, and the means of getting there. We have already commenced work on an implementation plan, based on the request from government and our social partners. In 2022, we started deep analytical work looking at the country's energy mix and means of creating a more stable and sustainable electricity supply in the years ahead, while reducing emissions. The results of that work were tested and discussed with all major stakeholder groups, and I am pleased that we were able to find consensus in several areas. We also intensified our work on climate resilience and adaptation, examining the impacts of recent climate disasters in KwaZulu-Natal and the Eastern Cape. And we played a strategic and consultative role in finalising stakeholder inputs and our own PCC recommendations on the draft Just Energy Transition Investment Plan, which was tabled for discussion by the President last November.

It is a privilege and an honour to be the Deputy Chair of this Commission. Our many accomplishments have only been possible thanks to the expertise and commitment of my fellow Commissioners, and I am indebted to them. I am also grateful for the work of the dedicated Secretariat staff, led by Dr Crispian Olver, who have delivered on our ambitious work plan.



The year ahead will be one of transition and change. The recent Cabinet reshuffle has altered the makeup of government ministers on the Commission. I am delighted to welcome ministers Maropene Ramokgopa, Thambi Nkadimeng, Sindisiwe Chikunga and Dr Kgosientsho Ramokgopa to the Commission, while thanking ministers Mondli Gungubele, Dr Nkosazana Dlamini-Zuma and Fikile Mbalula for their support, guidance, and partnership. I am also pleased to welcome Dr Shafick Adams, Lungisa Fuzile, Zama Khanyile, Bishop Malusi Mpumlwana, Jansie Rabie, Mpho Makwana, Mbalenhle Baduza, Cllr Kenalemang Phakuntsi, Geordin Hill-Lewis, and Dr Crispian Olver (as ex officio Commissioner) to the Commission, while bidding farewell to Happy Khambule, Setlakalane Molepo and Mandy Rambharos.

Over the next year, we will focus our work on delivery. The just transition demands tangible and rapid progress. We will hone in on Mpumalanga, as the leading edge of the transition, examining new economic models for the province, alongside the development of skills and employment strategies. We will advance our work plans on the just transition, mitigation, adaptation, and climate finance, as the pages that follow will explain. Later this year, the Commission will publish a "State of Climate Action" report, assessing the progress made in attending to climate change in South Africa. Our work must continue to look broadly at the roles that all social partners can play, not only government, in giving effect to delivery.

The consultations that the Commission has undertaken with many stakeholder groups and communities over the past two years has provided a clear idea of the delivery challenges on the ground so that we can continue to provide relevant advice to government in the months and years ahead. The climate challenge and the just transition demands that we are the best that we can be. I am confident that, collectively, we will succeed.

**Mr Valli Moosa**

Deputy Chair, Presidential Climate Commission  
April 2023



# A MESSAGE FROM THE EXECUTIVE DIRECTOR

**Dr Crispian Olver**

In its second year of operation, the Commission has continued to build its capacity and execute the work programme set out in its Terms of Reference. We are uniquely positioned to be able to do this. We are led by the President, who together with the Deputy Chair have provided strong leadership and political support, which positions us to be able to influence national policy.

The composition of the Commission is diverse and representative, with a multiplicity of stakeholder voices, and a wide knowledge base and expertise. Guided by the Commission, the work that the Secretariat has undertaken has sought to be transparent, science-based, inclusive, and collaborative. This has allowed the Commission to rapidly develop a reputation for independence and credibility, trusted by multiple constituencies; and able to convene important national conversations. A wide range of stakeholders, worker and community organisations have participated and contributed to the work of the Commission over the past year, including attending meetings, providing feedback and advice, collaborating on projects, and commenting on our various policy documents.

We are very grateful for all these contributions. They make our work possible and enable the PCC to fulfil its consensus building mission. We are particularly grateful to the Parliamentary Portfolio Committee on Forestry, Fisheries, and the Environment, which has provided an oversight role as well as guiding us in our work.

While the Commission has been waiting for legislative clarity regarding its future, we are temporarily located at the National Economic Development and Labour Council (NEDLAC). NEDLAC provides an inclusive forum for social partners to engage on the core social, economic and development issues affecting our country. The core functions of NEDLAC relate closely to the PCC's own social partnership functions in the climate space, and as such there is much synergy between our work. The PCC is extremely grateful to the NEDLAC Executive Committee, the Executive Director and staff, and the Department of Employment and Labour, for going out of their way to accommodate the PCC and provide an institutional base.

The Secretariat of the PCC has continued to grow. At the end of the first year, we had successfully filled the top management structure, with experienced managers in charge of operations, mitigation, adaptation, climate finance and communications. Over the last year we have been filling in the next layer of the structure, and now have a total of 17 employees, of whom 76% are black and 53% women. Our final staff complement will be 26 staff, which we will achieve at the end of this coming financial year. The team that comprises the Secretariat are dedicated and hard-working, and I am deeply appreciative of their contribution.

We have also achieved a measure of financial stability, with government providing a core budget for the coming financial year of R21.5 million, while a diverse group of donors have continued to provide additional project support to the work of the PCC. The PCC would like to express its deep appreciation to the government, corporates and donor organisations who make our work possible.

**Dr Crispian Olver**

Executive Director, Presidential Climate Commission

April 2023





## About the Presidential Climate Commission

The idea for the Presidential Climate Commission (PCC) emerged at South Africa's 2018 Presidential Jobs Summit, when social partners agreed that a statutory body should be established under the Presidency to "maximise the opportunities for creating new and quality jobs in the context of a just transition to a low carbon economy and climate resilient society."

The PCC was formally created by the President of the Republic of South Africa in December 2020, comprising government ministers and representatives from many major stakeholder groups in South Africa: business, labour, civil society, research and academic institutions, and youth.

The PCC's mandate is to provide independent and transparent advice on South Africa's climate change response, with the overarching aim of realising a long-term *just and sustainable* transition to a low-carbon, climate-resilient economy, and society. The PCC also monitors and evaluates progress towards the country's mitigation and adaptation goals, as well as the just transition.

In executing this mandate, the PCC conducts evidence-based research and communicates findings transparently; and works in an open and transparent manner with all stakeholders, with

the aim of building social consensus around the complex and challenging decisions required to successfully navigate a just transition.

The PCC is supported by a Secretariat that presses forward the agenda of the PCC, commissioning research and policy work, arranging robust dialogue and consultation processes, and preparing strategic communications.



PCC Secretariat

# PCC COMMISSIONERS AS AT MAY 2023



**CHAIRPERSON**  
H E PRESIDENT  
MATAMELA CYRIL  
RAMAPHOSA



**DEPUTY  
CHAIRPERSON**  
VALLI MOOSA



**MINISTER**  
BARBARA CREECY



**MINISTER**  
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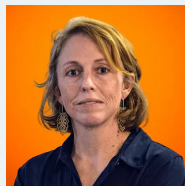
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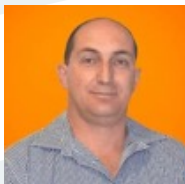
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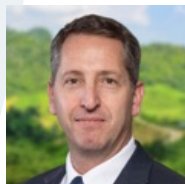
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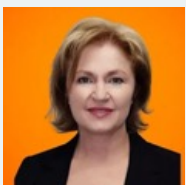
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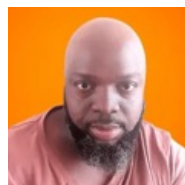
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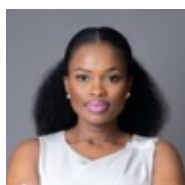
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ADAMS



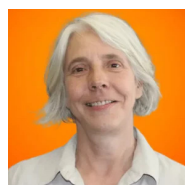
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**COMMISSIONER**  
CRISPIAN OLVER



**COMMISSIONER**  
LOUISE NAUDÉ

# A Decisive Year: The Presidential Climate Commission in Action

In the past year, the PCC focused on five priorities: (1) finalising a framework to guide a just and equitable transition; (2) building consensus between social partners to support this transition; (3) defining a new and more sustainable electricity mix for the country; (4) providing advice on improving South Africa's resilience in the context of a changing climate; and (5) mobilising financial flows towards South Africa's just transition, including supporting the development of the Just Energy Transition Investment Plan (JET-IP). The PCC also strengthened its operational structure, including increasing the staff complement of the Secretariat and forming working groups to oversee the PCC's ambitious agenda and workplan. Each of these items are described in further detail below.

## Finalising a Just Transition Framework for South Africa

In the period under review (FY2022/2023), the PCC finalised a just transition framework for South Africa.

The framework was received by the President in July and adopted by Cabinet in August. The framework sets out a shared vision for the just transition, principles to guide the transition, and policies and governance arrangements to give effect to the transition. The framework intends to bring coordination and coherence to just transition planning in South Africa.

The just transition framework builds on research, policies, and consultations on the just transition in South Africa, as well as international best practice guidelines. The framework stands on the shoulders of years of research in South Africa on the just transition, done by government, business, civil society, academia, and labour unions. The framework incorporates learnings from prior consultation processes on the just transition, including those facilitated by the National Planning Commission and the National Economic Development and Labour Council.



In developing the just transition framework, the PCC:

- Deepened the evidence base around an effective and equitable transition and commissioned a series of policy briefs on key issues relevant to the transition.
- Conducted a series of publicly broadcasted workshops and events on these issues, incorporating views of government ministers, civil society, business, labour, youth, and the research community, among others, to form a comprehensive view of the major topics for a just transition framework.
- Commissioned a series of essays from experts in different fields (academia, business, labour, and civil society), exploring what it will take to achieve a just transition in South Africa, with a focus on enhancing resilience.
- Consulted widely on the framework with workers, communities, small businesses, and social partners in the country in 2021 and 2022, allowing impacted groups to discuss their own development pathways and livelihoods.
- Invited written comments of the draft just transition framework in March and April 2022, where 43 written submissions were received from many stakeholder groups, including youth, labour, business, financial institutions, all spheres of government, non-governmental organisations (NGOs), and academia.
- Embarked on a series of in-person community consultations between March and May 2022, to better understand the needs of communities that are being impacted in the shift away from fossil fuel-based economies, ensuring that the framework is tailored to those most impacted by the changes that lie ahead. This included significant engagement with municipalities and traditional leaders in affected regions.

The research and consultations culminated in a large multi-stakeholder conference in May 2022 in Johannesburg, where participants underscored the urgency of a just and equitable transition

and indicated their support for the just transition framework.

## Building a Social Compact to Support a Just Transition

The PCC's core mandate is to facilitate consensus between social partners around a just transition, aiming to build a shared perspective on what it means to achieve a just transition and what it will take to get there. In delivering this mandate, the PCC has focused on deepening the evidence base for just and equitable climate action, promoting understanding through targeted communications, and engaging with all stakeholder groups, openly and transparently.

The PCC's quarterly meetings are broadcast live to all, as are the dialogues, colloquia, and other events. Over the past year, the PCC has discussed, among other issues, the importance of a just transition in South Africa, mobilising finance towards this transition, the impacts of climate change on South African communities, particularly in the Eastern Cape and KwaZulu-Natal, and locally led climate change response actions.

In late 2022, the PCC hosted a series of energy dialogues, unpacking issues that are salient to electricity planning in the country. This includes the role of renewables, oil, and gas, balancing the energy system, the pace of coal phasedown, skills, and jobs as part of a just energy transition, energy security, and finance and investment towards a cleaner energy mix. Together we have learned that:

- The energy climate transition will involve deep systemic change in our energy governance, and broader economy and society, and accordingly must be supported by a range of policies and actions, implemented by all actors.
- The leading edge of South Africa's transition is the energy sector but impacts (and opportunities) will be felt across all economic sectors.
- Investments in the electricity sector (both in the short- and long-term) must focus on renewable



energy, storage, and peaking support, with significant investment in transmission and distribution infrastructure.

- Sufficient resources are essential to support the energy transition, which includes public and private finance, from both domestic and international sources—the \$8.5 billion offer (grants and loans) from developed country partners will support the energy transition but more funding will be required—in the order of ~\$100 billion over the next 5 years (for electricity, electric vehicles, and hydrogen).
- The work at the Komati Power Plant is starting to examine, practically, what a just energy transition could look like—a coal-fired plant which is closed and repurposed to generate renewable energy (with storage), alongside reskilling and retraining of local workers—with challenges along the way that need to be resolved.
- A just transition requires multiple stakeholders to come together to develop new economies, in those areas hardest hit by the transition (in the case of electricity production in Mpumalanga). This requires economic diversification beyond just repurposing coal plants, building out

renewable energy (and maintaining thereof), and localising manufacturing for renewable energy parts.

- Open and transparent discourse, based on a solid foundation of evidence and research, is essential for building trust and reaching consensus on the difficult transitions that lie ahead.
- Both the short- and long-term solutions for South Africa's power sector must have the just transition imperative at the core.

The PCC has also pressed on with a second round of stakeholder consultations on the just transition, further to those conducted when developing the Just Transition Framework, in which the Commission has gone back to communities consulted in the first round and deepened the engagement around implementation. These consultations commenced in September 2022 and are still ongoing at the time of this report's publication. The districts visited included Durban South Basin in Kwa Zulu Natal, Lephalale in Limpopo, Emalahleni and Secunda in Mpumalanga, the Vaal Triangle in Gauteng, Upington in the Northern Cape, and Gqeberha in the Eastern Cape .

In every community consultation, the PCC organised an in-person session with more than 150 people, representing youth, local enterprises, government, non-governmental NGOs, education and skills providers, and local branches of trade unions. All consultations were also live broadcasted on local radio stations and streamed on the PCC website and social media, and thus the reach of

such consultations went well beyond the attendees in the room on any day.

Two highlights of the PCC's stakeholder consultation included the Faith Leaders' Summit and the Youth Energy Summit, both held in March 2023, setting the tone for future cooperation and collaboration with these important stakeholder groups.



### Defining a More Sustainable Electricity Mix To Reduce Emissions and Improve Energy Security

In 2022, the PCC embarked on analytical work and a series of consultations to define a more sustainable electricity mix for the country—one that is compatible with the country's mitigation commitments and improves energy security. The recommendations emerging from this work are far ranging:

- The just transition imperative must be central to both short- and long-term electricity planning, and decisions in the short-term should not compromise long term climate and development objectives.
- The updated Integrated Resource Plan should include a short-term spatial plan that maximises grid usage, developed in a transparent manner that provides realistic information to the public about impacts on load shedding. The plan should include investments in both the transmission and distribution grids.
- Electricity planning should be guided by least cost systems that are also sustainable and secure.

- Research shows that the most cost-competitive electricity system for South Africa is dominated by renewable forms of energy, coupled with gas and batteries for flexibility.
- Research also shows that in a least cost electricity system, coal fired power stations are retired at the end of their economic life. If coal-fired plants are retired earlier, costs would increase marginally, but would bring outsized benefits in terms of trade, jobs and environmental and human health.
- Jobs should be at the forefront of electricity planning in the country. While jobs will be lost in the coal value chain (in the shift towards renewables-based electricity systems), many more jobs will be created in alternative energy value chains.
- The government should press on with reforming governance arrangements in the electricity sector, including establishing an independent grid operator.
- The government should also address the need for pricing reform in the electricity value chain through a Presidential sponsored independent study. This study should include how pricing can support a Just Energy Transition.
- The government should provide technical and financial support to municipalities and should consider an overhaul of the Free Basic Electricity system to ensure that any price increases are not carried by the poor.
- There must be improvements in energy efficiency, storage, and demand side management across the entire system to reduce energy demand.
- The government should support public, private and household renewable energy generation, with storage, including through tariff structures.
- Implementing measures to support those most impacted by load shedding and who cannot afford electricity, especially small and medium enterprises.
- The just energy transition must be accelerated, with economic diversification efforts in regions in transition.
- The PCC sets out specific recommendations for the updated IRP, including provision for 50 to 60 GW of variable renewable energy by 2030, supported by co-located storage, and between 3 and 5 GW of gas (running at low utilisations to support peaking).



## Enhancing Climate Resilience

South Africa has suffered severe consequences of extreme weather events in recent years. These events have been exacerbated in magnitude and frequency by climate change, which has proved to be a significant threat multiplier. In April 2022, intense rains hit South Africa's eastern coastline, causing floods and landslides across KwaZulu-Natal and the Eastern Cape. In the epicentre of this 'rain bomb' (the city of eThekweni), almost 500 people died. Homes, roads, and bridges were washed away, while buildings, shops and farms were flooded. The World Weather Attribution service found that climate change doubled the likelihood of the event—from an event expected once every 40 years to now once every 20 years. Drought across South Africa, coupled with rising water demand, is also escalating a national water crisis. These events are an acute reminder that it is the poorest and most vulnerable segments of the population that continue to bear the brunt of these climate impacts. Accordingly, the PCC is committed to enhancing adaptation measures across South Africa, with a focus on particularly vulnerable areas.

In the period under review, the PCC conducted two in-depth assessments, with the aim of learning from recent climate disasters and taking these learning to improve resilience to these types of events in future.

The first assessment was a critical analysis of climate resilience and adaptation capacity of the greater eThekweni metro in KwaZulu-Natal. The analysis found that the scale and magnitude of the April 2022 floods were beyond the capacity of the city and province, which severely undermined development gains, with vulnerable and poor communities continuing to bear the brunt of these impacts. Technological advancements and innovative early warning systems have the capacity to promote climate adaptation and overall resilience, but their reach and uptake have been very limited to date.

The second assessment focused on improving water security in Gqeberha and more broadly the Nelson Mandela Bay Metro. Water security is under severe threat due to extended drought in the region, coupled with lack of infrastructure maintenance by the Nelson Mandela Bay Metropolitan Municipality. Evidence suggests that climate change will exacerbate water security concerns across South Africa.

Taken together, the two assessments show that South Africa is facing significant economic, social, and environment impacts because of climate change, but that solutions to alleviate these impacts are at hand. This includes strengthening climate governance and community resilience through awareness and improved access to resources; adopting climate-sensitive approaches



to infrastructural investment, support, and planning; and improving responsiveness during and immediately post climate disasters. These analytical projects are part of a suite of work that aims to support the development of a "Just Urban Transition" plan for the country.

## Mobilising Finance Towards a Just Transition

The PCC's work in 2022 was set against the backdrop of the \$8.5 billion Just Energy Transition Partnership (JETP), which was announced at COP26 in Glasgow. This partnership was designed to accelerate the decarbonisation of the electricity grid, increase investment in renewable energy, and enhance innovation in electric vehicles and green hydrogen. In the period under review, the PCC continued to provide support to the Presidential Climate Finance Task Team towards realising a positive outcome at COP27, as the contours of the partnership were finalised. The PCC also led stakeholder consultations with all major stakeholder groups in the lead up to the release of South Africa's Just Energy Transition Investment Plan (JET-IP).

In addition to support provided on the JETP and JET-IP, the PCC deepened work on mobilising finance towards a just transition. This included:

- Undertaking an assessment of the risks of Carbon Border Adjustment Mechanisms (CBAM) and means of ameliorating these risks. CBAMs are the measures that nations may put in place to tax other nations on the carbon intensity on

the goods they import—in short, the higher the carbon intensity, the higher the tax. CBAMs could potentially have significant impacts on South Africa's economic competitiveness, particularly due to the predominantly coal-fired electricity grid, so proactive planning is essential.

- Developing a multiyear project to map climate finance flows, with a "State of Climate Finance Report" to be produced biennially to analyse the quantum and quality of climate finance flowing towards South Africa's mitigation, adaptation and just transition.
- Advancing work on a Just Transition Financing Mechanism (JTfM). The JTfM is envisioned to be a policy-aligned national platform to mobilise additional capital for a just transition and coordinate funding from various sources to align allocation with policy priorities. It is intended to be a vehicle or a system which works with government, donors, development finance institutions and the commercial financial sector and existing financial institutions to scale up and optimise the impact of investments. This work seeks to find solutions for the financing of just transition components and projects that would otherwise not find ready commercial funding.
- Preparing recommendations to accelerate financial flows towards a just transition. This involved an analysis of the barriers that need to be overcome (policy, regulatory, misaligned capital, market gaps) and the measures that could be put in place to overcome these barriers and improve financial flows.



# Financial Report

## Institutional Arrangements

During the second quarter of the FY2022/23, Cabinet approved the institutional shift of the PCC Secretariat (together with its allocated resources) to the National Economic Development and Labour Council (NEDLAC). This was effected through a Memorandum of Agreement between the Departments of Employment & Labour, NEDLAC, National Treasury, the Department of Forestry, Fisheries and Environment (DFFE), and the Department of Planning, Monitoring and Evaluation (DPME), effective from 1 October 2023.

In addition a Memorandum of Understanding is in place with the African Climate Foundation (ACF) to receive and disburse donor grants on behalf of the PCC, primarily from philanthropic donors.

Further, the PCC has a fiscal hosting arrangement with the National Business Initiative (NBI) to receive and disburse funding from the private sector in South Africa, although no revenue has flowed through this channel yet

## Revenue

During the 2022/23 Financial Year, the PCC recorded revenue from three sources: Government, through the Department of Forestry, Fisheries and the Environment (DFFE); the National Economic Development and Labour Council (NEDLAC); and donors, through the African Climate Foundation. In addition, the PCC received in kind contributions from other donors. All amounts are reported in South African Rands (ZAR) unless indicated otherwise. All figures presented below are unaudited and preliminary. Final audited figures will be reported in the annual reports of DFFE, NEDLAC and ACF.

## Revenue from Government under DFFE and NEDLAC

The PCC allocation from government (flowing initially through the DFFE) for FY2022/23 was R11 million. This was intended to cover core and operational costs for the PCC.

When the PCC moved to NEDLAC, the National Treasury approved a remaining budget of R 9.995 million, which was transferred from the DFFE to NEDLAC via the Department of Employment & Labour (DEL).

In addition, the ACF has transferred an amount of R2,7 million to NEDLAC during FY 2022/23 to cover hosting costs (mainly related to staff). The total revenue through NEDLAC therefore amounts to R12.8 million.

## Revenue recognised from Philanthropic Sources

In addition to government funding, the PCC also raised money from philanthropic sources, securing a total of R 34.5 million for the 2022/23 financial year. Revenue is recognised upon receipt of the donations.

**Table 1: PCC revenue via DFFE, NEDLAC and ACF**

Revenue	DFFE	NEDLAC	ACF
Government Allocation	11 000 000,00	9 995 000,00	
African Climate Foundation			3 913 000,00
BULB Foundation			1 076 000,00
European Climate Foundation			950 000,00
Global Energy Alliance for People and Planet			17 587 000,00
Open Society Foundation			5 704 000,00
Rockefeller foundation			4 500 000,00
World Resource Institute			823 000,00
<b>REVENUE TOTAL (in ZAR)</b>	<b>11 000 000,00</b>	<b>9 995 000,00</b>	<b>34 553 000,00</b>

## IN-KIND CONTRIBUTIONS

In addition to the donor funds flowing via ACF, the PCC further receives in kind support from other donors, which has been received from the organisations indicated in table 2 below. For the purposes of completeness the PCC has opted to report on the approximate value of the contributions, although it is not recorded as revenue.

**Table 2: 2022/23 In-Kind Support from Domestic & International partners**

FUNDER	APPROXIMATE VALUE IN SOURCE CURRENCY	ORGANISATION	FOCAL AREAS
Agence Française De Développement (AFD)	520 000 Euros	Agence Française de Développement (AFD)	Climate finance
European Union	247 436 Euros	European Union	Climate mitigation, communication & outreach
International Finance Corporation	500 000,00 ZAR	Vodacom South Africa	Communications and Outreach
Vodacom South Africa	1 500 000,00 ZAR	Vodacom South Africa	PCC multi-stakeholder conference
The Royal Danish Embassy	2 000 000,00 ZAR	Danish Energy Agency	Climate mitigation
United Kingdom – Partnering for Accelerated Climate Transition	3 000 000,00 ZAR	Council for Scientific & Industrial Research	Climate mitigation
World Bank	226 000 USD	World Bank	Technical support
World Resource Institute	1 60 070,00 USD	World Resource Institute	Climate mitigation, just transition, communication & outreach
Yellowwoods	2 000 000,00 ZAR	Yellowwoods	Co-finance for Employment Strategy

## EXPENDITURE

PCC expenditure for the period under review has been recorded for the different fiscal entities in line with the institutional arrangements during the financial year. The below figures are unaudited, therefore preliminary and subject to change during the year end finalisation processes, by the DFFE, NEDLAC and ACF.

EXPENSES	DFFE	NEDLAC	ACF	TOTAL
<b>Compensation of Employees</b>				
Salaries	376 040,00	5 765 000,00	4 590 862,00	<b>10 731 902,00</b>
<b>Goods and Services</b>				
Administration Fees	0,00	879 000,00	1 144 561,00	<b>2 023 561,00</b>
Remuneration of Commissioners	83 076,00	1 215 000,00		<b>1 298 076,00</b>
Research and professional fees	0,00	743 000,00	1 174 849,00	<b>1 917 849,00</b>
Workshop, Meetings and Conferences	58 074,00	757 000,00	2 206 743,00	<b>3 021 817,00</b>
Communication		985 000,00	202 688,00	<b>1 187 688,00</b>
Travel and Accommodation	461 981,00	4 507 000,00	447 428,00	<b>5 416 409,00</b>
Licenses and Subscriptions	0,00	0,00	0,00	<b>0,00</b>
Website and IT		186 000,00	425 266,00	<b>611 266,00</b>
Legal Fees				<b>0,00</b>
Other	5 697,00		34 029,00	<b>39 726,00</b>
<b>TOTAL EXPENSES (in ZAR)</b>	<b>984 868,00</b>	<b>15 037 000,00</b>	<b>10 226 426,00</b>	<b>26 248 294,00</b>

### **PCC Expenditure under DFFE**

In the period April to September 2022, whilst still hosted at the DFFE, the PCC incurred an expenditure of R 984 000,00 against the R11 million budget allocation for FY2022/23, the expenditure was largely for salaries, travel and remuneration of Commissioners for quarter 1 & 2 of FY2022/23.<sup>1</sup>

### **PCC Expenditure under NEDLAC**

Total year to date PCC expenditure under NEDLAC amounts to R15 million. The major expenditure line items were as follows:

- Employee costs of R5.8 million;
- Commissioners' remuneration of R1.2 million. Of this, R326 000,00 was related to outstanding commissioner remuneration from the 2021/22 financial year; and
- Travel and subsistence of R4.5 million. A significant amount of travel expenditure was noted towards the end of quarter three. This was mainly driven by PCC participation funding of social partner participation in PCC events, as part of enhancing inclusion in line with procedural justice.

<sup>1</sup> This is recorded and can be audited under the DFFE financials, as it falls outside NEDLAC's accounting period for the PCC.

Although PCC expenditure exceeded the programme revenue for the period, this expenditure was allocated and covered from the surplus that was retained by NEDLAC after approval from the National Treasury.

### **PCC Expenditure Under ACF**

Of the revenue recognised for FY2022/23; an overall underspending of 70% was recorded.

Some of the drivers on PCC expenditure under ACF were as follows:

- Salaries – there was increased staff complement under ACF in quarter 2;

- Professional fees – a steady increase was recorded due to project sizes and slow kick-off on some of the project mainly in the last quarter;
- Workshops, Meetings & Conferences – this was mainly driven by the series of workshops held by PCC during the period under review; and
- Overheads – this has been largely driven by the administration fees levied by ACF on PCC grants, as part of the fiscal arrangements and office supplies.

As a contribution to the costs of hosting the PCC at NEDLAC, the ACF transferred R 2,7 Million to NEDLAC in FY 2022/23.



## Looking Ahead

Looking ahead, the PCC will continue to seek to address major challenges at the intersection of climate and development in South Africa, aiming to facilitate a just and equitable transition.

The energy transition will be central to all work in FY2023/2024. The timely and just transformation of South Africa's energy mix is crucial for improving energy security, eliminating energy poverty, and reducing emissions associated with fossil fuel-based electricity generation. The PCC will continue with modelling work, to shed light on the type of energy transformation that is possible, including local economic development opportunities and job creation. This includes the definition of an appropriately paced accelerated coal-fired power station decommissioning schedule and the identification of financial mechanisms to support that transition. The goal is to complete an electricity transition plan, shared by all social partners, which the government can use to inform regulatory and planning instruments such as the Integrated

Resources Plan. Work on the energy system will continue thereafter. The electricity plan will include recommendations that deal with immediate electricity security issues as well as compatibility with South Africa's climate commitments.

While work on climate mitigation continues apace, the PCC will also deepen work to enhance South Africa's resilience to the impacts of climate change, in a way that improves lives and livelihoods for all. This encapsulates *climate resilience*, taking action to ensure communities can withstand climate risks, as well as broader *societal resilience*, empowering people and strengthening policies to ensure more just, more equal, and more sustainable outcomes. The PCC's work will aim to accelerate the implementation of South Africa's National Climate Change Adaptation Strategy, through the advancement of climate-resilient development pathways and new partnerships with the science and research community.

Alongside the work on the energy mix and climate adaptation, we will also press forward with implementation—how, practically, the Commission

and its social partners will give effect to a just transition. This work covers all facets of the transition: first, to create employment and skills development strategies to equip workers, particularly the youth, for the green industries of the future; second, to stimulate research and innovation to support a just transition; and third, to mobilise finance towards a just transition, with a starting point of tracking current finance flows to understand the key drivers of climate investments and providing recommendations on the JET-IP. The PCC will also focus attention on work and recommendations in Mpumalanga, as the leading edge of a just transition in South Africa.

In addition, and as per the mandate, the PCC will deepen work around monitoring the transition. With the vision and milestones for achieving a just transition increasingly concrete in South Africa, it is essential to develop a process of tracking progress towards those objectives. South Africa has extensive experience in tracking progress towards climate and development goals, which the PCC will build upon, with a strong focus on evaluation, ensuring that

the tracking work improves policy- and decision-making. The tracking will encompass mitigation, adaptation, finance, and development—with the central objective of tracking progress of how lives and livelihoods are being improved (or harmed) in the transition towards low-emissions and climate-resilient development. As part of this process, we will also comprehensively map and track the flow the climate finance towards our just transition objectives, and produce a biennial Climate Finance Landscape Report, together with a State of Climate Finance Report.

Finally, as the PCC looks to the rest of 2023 and beyond, the Commission will continue to build a new model for inclusive and collective decision making, incorporating the individuals, workers, and communities that are most impacted in the transition.







# Notes



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**PRESIDENTIAL  
CLIMATE COMMISSION**  
TOWARDS A JUST TRANSITION

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