



**Report: Team Europe South Africa Climate Action Coffees – session 3  
TIPS coffee: towards a contribution to a just transition financing roadmap**

**Date: 1 April 2021**

**Time: 9.30am to 10.30am (SAST)**



Facilitator: Thrishni Subramoney, Flow Communications

**Presenters:**

- Sandy Lowitt and Itumeleng Mokoena, TIPS
- Yaseen Lockhat, Senior Specialist Human Settlements, Market Conduct Division, The Banking Association South Africa
- Carl Bernadac, Agence Francaise de Developpement

**Attendees:**

- EU and Member States Counsellors, HQ colleagues, working together under Team Europe RSA approach
- Representatives of CSIR, NBI, IDDRI, GreenCape, UCT

**Topics covered:**

**Why EU Climate Action Coffees?**

The purpose of the “Climate Action Coffees” sessions is to build bridges between organisations implementing climate action initiatives in South Africa and Team Europe counterparts, both in South Africa and in Europe.

As outlined by the EU in the inaugural session, these sessions will help the EU and Member States team get a sense of the work being done in South Africa and understand how it can play a more effective role in South African initiatives to tackle climate change.

**Session format**

The session was one hour long, with presentations by three organisations, followed by a Q&A segment.

**Summary of the presentations**

**Presentation 1: Just Transition Finance Roadmap project by TIPS**

TIPS's [presentation](#), titled *A Contribution to a Just Transition Finance Roadmap*, was made by Sandy Lowitt and Itumeleng Mokoena. The project under discussion officially got under way on 1 April 2021, the day of this event.

Stakeholders in the project had indicated that they did not want a traditional approach to such a roadmap, or its methodology, as they were frustrated by having only a high-level, abstract understanding of a just transition.

TIPS therefore designed a non-traditional roadmap, to understand what is necessary to systematically mobilise just transition funding in support of Mpumalanga's just transition to a low-carbon, resilient economy. TIPS's work will employ two main workstreams: the first is around case studies of financing arrangements to date, and the second to identify anchor just transition projects in Mpumalanga and crowding in funding to implement them.

Importantly, the Mpumalanga just transition is around energy, and finding alternatives to coal mining and coal-fired power generation. Projects will be identified around the green economy, social infrastructure and non-brown industrial diversification.

Mpumalanga is the most vulnerable region to the transition to a low-carbon and climate-resilient economy: its undiversified economy is reliant on coal mining, impacting local businesses, jobs and communities. However, there are investable opportunities – still to be explored – in renewable energy development zones, mine and land rehabilitation, fly ash, water rehabilitation, eco-industrial parks, and incubators and smart hubs.

## **Presentation 2: Climate Risk Forum by BASA**

BASA's presentation, titled *South Africa's Sustainable Finance Initiative: Climate Risk Forum*, was made by Yaseen Lockhat.

2020 was a significant year for sustainable finance in South Africa, with the release of a National Treasury technical paper on the subject and the inception of the Climate Risk Forum. However, this process was initiated in 2016, when Treasury hosted a sustainable finance roundtable. In 2017 Treasury convened a working group to develop a sustainable finance framework document. BASA subsequently identified climate risk as a priority area, and established a Climate Risk Committee in 2019.

The technical paper, titled *Financing a Sustainable Economy*, called for the development of a sustainability taxonomy, technical guidance for climate-related financial disclosure, competency and capacity needs for both the financial sector and the state, a climate risk benchmark scenario, and a sustainable finance landscape. The paper also focuses on the Sustainable Development Goals and social development.

The Climate Risk Forum is a sector-wide platform comprising regulators and industry bodies to give effect to each of the technical paper's recommendations; it consists of five working groups that each report to a steering committee. While the paper has a broad focus, the forum is focused on climate change.

Forum highlights include broad key stakeholder representation, the creation of a strong foundation, the prioritisation of climate risk, an adopt-and-adapt approach, support from the 30 by 30 Zero Program, and that it feeds into broader business and state initiatives.

## **Presentation 3: EU perspective by AFD**

AFD's presentation was made by Carl Bernadac.

He admired TIPS's efforts to define what a just transition is, and assess projects aimed at such. An example involves the Steve Tshwete Local Municipality, which relies on the coal economy for about 40% of its growth.

Jobs are at the intersection of economic recovery and a just transition. AFD tries to assist with the creation of jobs. One pillar of AFD's cooperation is research into the labour market, around skills offered and demand; this can assist with sectoral diversification, and reskilling opportunities and needs.

A second approach is to bring in benchmarking and international experience, to better integrate and mainstream the challenge of just transition into the existing tools of public policy. A third approach concerns supporting implementation of public-private catalytic projects that drive economic diversification and provide local communities with opportunities. An example is AFD's support for Eskom's office dealing with just transition.

As a development funding institution, AFD will continue funding renewables projects, but it can adopt a new approach. How does one work with actors that are in transition, when what they do remains unsustainable?

### **Q&A segment**

Ariane Labat asked Yaseen Lockhat about his recommendations for peer-to-peer exchanges with the members of the International Platform on Sustainable Finance, including the EU, China, India, Kenya, Morocco, Senegal, the UK, Singapore and Japan.

[https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/international-platform-sustainable-finance\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/international-platform-sustainable-finance_en)

Lockhat responded that collaboration is important to the Climate Risk Forum, especially with those with vast international experience. Collaboration with the international platform would be taken up with the chair of the forum's taxonomy working group.

Should you wish to engage further on this topic, please contact Sandy Lowitt Fourie at [slowitt@icon.co.za](mailto:slowitt@icon.co.za)

### **Next events**

**3rd meeting of the Just Transition Platform - online 26 to 29 April 2021** to be opened by Elisa Ferreira, Commissioner for Cohesion and Reforms and Kadri Simson, Commissioner for Energy. It integrates thematic sessions on opportunities to invest in the value chains of batteries, a presentation of Pillars 2 and 3 of the Just Transition Mechanism and addressing the demographic challenges of the transition. Its Coal Regions Virtual Week will take stock of recent progress as regards coal phase-outs, listen to the voices of coal regions and look at the employment potential of clean energy value-chains in Europe across coal regions: <https://jtp.app.swapcard.com/event/just-transition-platform-meeting>

Watch out for work of the EU 'Platform on sustainable finance', a group of experts from the private and public sector advising on the technical screening criteria to define sustainable investments and transition finance. The platform also monitors and reports on capital flows towards sustainable investments in the EU: [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance_en)