

CLIMATE CHANGE, ENERGY AND ENVIRONMENT

JUST ENERGY TRANSITION PARTNERSHIPS AND BEYOND

Recommendations for Equitable, Mutually
Beneficial and Inclusive Partnerships

Yvonne Blos and Thomas Hirsch
August 2024



Just Energy Transition Partnerships (JETPs) are an instrument with potential because of their cooperative, partnership-based approach, their financial volume, and their willingness to consider the social and equity dimensions of the energy transition.



This policy paper examines in how far the promise of a just transition is being kept in the four JETPs launched so far with South Africa, Indonesia, Vietnam and Senegal, and what this means.



It provides recommendations related to justice, economic and financial requirements, institutional and procedural requirements, inclusion and transparency as well as just transition and social dialogue.

JUST ENERGY TRANSITION PARTNERSHIPS AND BEYOND

Recommendations for Equitable, Mutually Beneficial and Inclusive Partnerships



Based on expert interviews and a literature review, the policy paper concludes that Just Energy Transition Partnerships (JETPs), despite their high potential, have so far neither adequately addressed the social justice dimension of the energy transition nor ensured meaningful stakeholder participation, especially of trade unions, in all partner countries. While emphasizing the still high potential and uniqueness of JETPs, the paper makes policy recommendations on how to address shortcomings and strengthen the equity component in JETPs.



The collaborative partnership approach between recipient and donor countries, the coordinated pooling of donor support, the high volume of funding, and the targeted focus on a just energy transition are unique features of JETPs. Currently, however, there are clear deficits in planning and implementation practice with regard to the involvement of relevant stakeholders and the social dimension of energy system transformation in the partner countries. This jeopardizes the success of JETPs.



At the strategic level, we recommend 10 measures: 1. Political commitment at the level of heads of government and clearly defined responsibilities of partnership secretariats and IPG support structures; 2. Broad multi-stakeholder participation as the second central pillar of JETPs; 3. Just transition frameworks for each JETP; 4. Alignment with structural and industrial policies, regional development and spatial planning; 5. Comparative analysis of alternative future scenarios with existing energy development plans; 6. Publicly available implementation plans; 7. Financial transparency, higher level of grants and highly concessional loans and earmarked funds; 8. Close donor coordination; 9. Catalytic projects with high short-term impact; 10. Gender responsiveness.

For further information on this topic:

<https://www.fes.de/en/shaping-a-just-world/climate-change-energy-and-environment>

Contents

EXECUTIVE SUMMARY	2
1 INTRODUCTION	3
1.1 The role of Just Energy Transition Partnerships (JETPs) in the energy transition and pathways to climate neutrality	3
1.2 Current status in the different countries	4
1.3 Outlook and structure of the paper	6
2 REQUIREMENTS FOR EQUITABLE, MUTUALLY BENEFICIAL, AND INCLUSIVE PARTNERSHIPS	8
2.1 Principles and requirements of justice	8
2.2 Institutional and procedural requirements	9
2.3 Financial and economic requirements	9
2.4 Requirements for transparency and stakeholder involvement	11
2.5 Requirements for just transition and social dialogue	12
3 CONCLUSION AND POLICY RECOMMENDATIONS	13
3.1 Conclusion	13
3.2 Policy recommendations	14
Bibliography	16
List of Acronyms	17

EXECUTIVE SUMMARY

Just Energy Transition Partnerships (JETPs) are a funding and cooperation instrument created by the G7 to help countries in the Global South with rapidly growing greenhouse gas emissions to decarbonize their energy sectors more quickly. To this end, the donor countries that make up the International Partnership Group (IPG) are pooling their support to a greater extent than in any other climate and energy partnership and are providing far more financial resources. Another unique feature is that JETPs, as the name implies, promise to organize the transformation of the energy sector in an equitable way that leaves no one behind.

This policy paper examines how the promise of a just transition is being kept in the four JETPs launched so far with South Africa, Indonesia, Vietnam, and Senegal, and what this means. To this end, a wide range of stakeholders from the JETP partner countries and the IPG were interviewed.

The results show that neither the social component nor the participation of society as a whole has played a major role so far, which has led to disappointed expectations and much criticism. Despite these shortcomings, JETPs are an instrument with potential because of their cooperative, partnership-based approach, their financial volume, and their willingness to consider the social and equity dimensions of an energy transition as success factors.

Based on the results of the analysis and the recommendations of the experts interviewed, this paper develops policy recommendations, which we divide into overarching strategic recommendations and more specific, operational recommendations on how to strengthen stakeholder participation, social dialogue and just transition elements in JETPs. The main strategic recommendations are

1. JETPs require political commitment at the level of heads of government and clearly defined responsibilities of partnership secretariats and IPG support structures for each JETP country.
2. Broad multi-stakeholder participation should be a key second pillar of JETPs, alongside the government pillar, at both international and national levels.
3. A just transition framework should be developed for each JETP, including goals, participation formats, a roadmap and budgets for implementing just transitions.
4. JETPs need to be aligned with structural and industrial policies, regional development and spatial planning. Other contextual factors such as foreign debt should also be taken into account.
5. Energy sector transformation planning should be based on a comparative analysis of alternative future scenarios with existing energy development plans.
6. JETPs should result in publicly available implementation plans that provide a high degree of transparency about JETP measures, expected impacts, and budgets.
7. Financial transparency, higher levels of grants and highly concessional loans, and earmarked funds are important elements in strengthening the equity component of JETPs.
8. Close donor coordination and a good understanding of the project landscape in JETP partner countries are essential for the success of JETPs.
9. Bringing high-impact catalytic projects to a successful conclusion quickly in order to demonstrate that energy transitions bring about positive change, thereby increasing confidence in the transformation process.
10. JETPs should be gender responsive, underpinned by gender budgeting, increased women's leadership, and the standardized use of gender-disaggregated data.

1

INTRODUCTION

1.1 THE ROLE OF JUST ENERGY TRANSITION PARTNERSHIPS (JETPS) IN THE ENERGY TRANSITION AND PATHWAYS TO CLIMATE NEUTRALITY

The science is clear: In order to achieve the climate goals of the Paris Agreement and manage the transition to sustainable, climate-resilient and climate-neutral development, very rapid and deep greenhouse gas reductions are essential. We are only a few years away from a 1.5-degree rise in average global temperatures, and if current emission trends continue, the 2-degree limit will be reached before mid-century.

Greater efforts by all countries, especially major emitters, are therefore needed to take action to limit the global temperature increase to 1.5 degrees. Power generation is by far the largest single source of emissions, with coal-fired power plants leading the way. According to the International Energy Agency, emissions from power generation amounted to 14.65 Gt CO₂ in 2022, while emissions from all other sources combined (transport, industry and buildings) amounted to just 20.1 Gt CO₂.¹

But while the energy transition is well underway in many high-emitting OECD countries, such as Germany, progress is slower and few resources are available to support the much-needed energy transition in high-emitting developing countries. In order to significantly reduce global CO₂ emissions, there is a much greater need for additional financial support for decarbonization efforts in these countries. This is not only due to the lower financial capacity of these countries, but also to the significant upfront costs of renewable energy. These costs are higher than in OECD countries, mainly due to inadequate regulatory frameworks and perceived political and investment risks. Taken together, their financing needs are far greater than any of these countries could - and should - bear individually. At the same time, it is becoming increasingly clear that the climate finance pledges made by major emitters such as the United States or Germany at the UN Conferences of the Parties (COPs) will not be sufficient to close this funding gap.

Furthermore, there is an inherent dilemma in the necessary combination of urgency of change (i.e., rapid emission reductions) and depth of change (i.e., deep emission reductions). The inherent transformation processes are far-reaching. However, if the transition is organized in a fair, inclusive and socially just manner, it will lead to more sustainable development models that simultaneously reduce poverty and inequality, thereby also reducing the risk that large segments of the population will turn against these necessary changes.

Both elements – international financing and just transition – are the subject of the so-called Just Energy Transition Partnerships (JETPs). This makes them potentially important instruments for achieving the goals of the Paris Agreement and for a successful energy transition in the Global South.

JETPs originated at COP26 in 2021, where the first JETP was signed with South Africa. JETPs are thus a relatively new instrument in international climate policy. The South African JETP was enthusiastically welcomed in Glasgow as a key initiative to support developing countries in their transition away from fossil fuels. Although they also aim at broader social, economic and financial reforms, at their core JETPs should be seen as a funding mechanism to help high emitting developing countries mobilize the capital needed for this transition. An important condition is the country's willingness to increase its ambition in terms of climate commitments, such as Nationally Determined Contributions (NDCs).

JETPs have been welcomed by the international climate community as an innovative new form of long-term support, as they provide a *plurilateral platform* for coordinated support to a specific country by a number of donors. These donors are the G7, Norway, the Netherlands and Denmark, who have come together in the International Partners Group (IPG) to negotiate and implement the JETPs jointly, with one or two countries taking the lead in each case. A political declaration is signed for each JETP, detailing how much donor funding the country will receive and by how much CO₂ emissions will be reduced. The governance structure is based on JETP

¹ <https://www.iea.org/data-and-statistics/charts/global-co2-emissions-by-sector-2019-2022>

secretariats in each country that oversee the implementation process.²

JETPs take a multi-level approach, leveraging both private and public funds from a wide range of bilateral (e.g., Germany, the UK) and multilateral actors (e.g., multilateral development banks, climate investment funds, private investors, and philanthropies). They thus bring together a large number of different donors and actors who might otherwise fund their own separate projects in each country. On the one hand, this is promoted by the IPG as more effective than previous approaches, making it easier to scale up and mobilize private investment. On the other hand, this multi-level process requires extensive coordination efforts, which may run counter to the IPG's ambition to deliver results quickly. Put simply, the JETPs offer a more coordinated global effort in the hope of achieving greater impact.

JETP financing packages are always country-specific and consist of a mix of grants and loans, with a strong emphasis on the latter, as most energy transition projects are already considered economically viable. Financial guarantees are also a priority. It is important to note, however, that unlike other types of climate finance, JETPs – even though they may be announced at COPs – do not fall under the mechanism of the official UN climate negotiations and the United Nations Framework Convention on Climate Change (UNFCCC). Moreover, the financing packages do not represent entirely new funds. Rather, they are a mix of new and old projects, the latter being repurposed to be part of the JETP.

JETPs do not only provide financing. They also include technical assistance for other types of reforms (e.g., legal, regulatory, and policy reforms) to achieve ambitious climate action. One of the aims of these reforms is to attract further investment, as the funding from the JETPs alone is not sufficient to finance the energy transition in the countries concerned.

As their name suggests, the JETPs also aim to ensure a *just and equitable transition* from fossil fuels to renewable energy. This should ensure that workers and communities are not left behind in the transition, for example away from coal, and that energy is accessible and affordable. In other words, the financial and technical support provided by the JETPs should not only promote the transformation of the energy system, but also ensure that it is accompanied by social and labor market policies.

In summary, the significance and unique selling point of JETPs lie in the combination of four distinctive features. These are all familiar from other forms of cooperation, but not in a combined form:

- JETPs are plurilateral partnerships in which donors coordinate their efforts more closely.
- JETPs pursue specific objectives agreed between the IPG and the recipient country that increase the level of ambition of the NDCs and/or contribute to the implementation of NDCs that are considered ambitious.
- JETPs provide technical and financial support for the energy transition.
- JETPs aim to address the equity component with the promise of contributing to a just transition.

1.2 CURRENT STATUS IN THE DIFFERENT COUNTRIES

To date, the IPG has signed JETPs with four countries: South Africa, Indonesia, Vietnam and Senegal. As described below, implementation is at different stages in each country.

1.2.1 South Africa

The first JETP was signed with South Africa in 2021. It caused quite a stir at COP26 in Glasgow, where it was announced. It had an initial financial volume of 8.5 billion USD, which was increased to 11.6 billion USD after Denmark and the Netherlands joined the partnership. The majority of these funds – more than 90 per cent – will come from loans and only a small proportion from grants. The JETP is coordinated by the UK government on the donor side. The thematic focus is on decarbonizing the energy sector, in particular phasing out coal, and developing markets for green hydrogen and electromobility. The JETP takes a market-based approach to attract private investment. In terms of institutional structure, the JETP is coordinated by a task force of the South African presidency and includes a just transition working group. Various formats of exchange and consultation have taken place, including through the previously established Presidential Climate Commission (PCC), in which civil society and trade unions are represented.

Obviously, the implementation of the JETP with South Africa is the most advanced and lessons can be learned for the other JETPs signed later. South Africa launched its investment plan in 2022 and its implementation plan in 2023. The implementation plan sets out priorities and governance structures for the country's just transition. Money is already being disbursed to specific projects in the form of loans or grants³, and initial policy and regulatory reforms to transform the energy sector are being implemented. Some examples include lifting the cap on commercial and industrial power generation and attracting private capital to build transmission infrastructure.

Trade unions and civil society organizations are quite strong and active in South Africa. There is therefore great potential for their significant involvement in the JETP. However, these stakeholders felt that the JETP process lacked inclusiveness and transparency on the part of the South African gov-

² https://warwick.ac.uk/fac/soc/law/research/projects/nefdef/climate_finance/policy-advocacy/aapg_submission_-_clift.pdf

³ https://www.kfw.de/About-KfW/Newsroom/Latest-News/Pressemitteilungen-Details_789568.html

ernment and the IPG, and that they were not sufficiently consulted. The criticism went so far as to characterize the formats of exchange with civil society as »token events« that did not lead to substantive outcomes. Criticism has also been leveled at the funding modalities of the JETP, which consist mainly of loans rather than grants. Many critics fear that this will further increase the country's debt burden. In addition, very little money is earmarked for the so-called justice component of the JETP, while the focus is clearly on mobilizing additional private investment.

As the JETP also promotes privatization, deregulation and market-based approaches, stakeholders fear that access to affordable energy will become an even bigger problem, especially for marginalized groups. This could mean breaking up the monopoly of Eskom, the main state-owned electricity supplier in South Africa. Although Eskom is responsible for load shedding and other challenges in the energy sector, this raises social concerns as Eskom is a major employer and it is unclear which jobs may be affected. The mining sector is a major employer in South Africa and generally provides some of the best jobs in the country.⁴ As a result, the main unions organizing workers at Eskom and in the coal mines oppose the JETP in its current form.

Furthermore, with its focus on green hydrogen and electromobility the JETP potentially contains export-oriented components. Due to the limited market for electric vehicles in South Africa, this seems to be more an interest of the IPG than a direct concern of South Africa. Regarding green hydrogen, the country has been negotiating hard to ensure that green hydrogen is primarily used locally rather than exported, which could promote sustainable development.

1.2.2 Indonesia

The JETP with Indonesia was launched at the G20 Summit on November 15, 2022, with the US and Japan leading on behalf of the IPG. At 22 billion USD, it now has the largest financial volume of any JETP, but only about 0.3 billion USD will come from grants. About half of the money comes from public funds, the other half from private capital.⁵ Following consultations with various stakeholders, Indonesia launched its Comprehensive Investment and Implementation Plan (CIPP) at the end of 2023, which sets out financial and thematic priorities. The CIPP differs from the approach in South Africa, where separate investment and implementation plans were developed. It aims to provide a pathway for energy transition with the goal of achieving net zero emissions in the power sector by 2050. By 2030, 44 per cent of energy should come from renewable sources. The JETP secretariat has been established, but implementation has not yet begun. The CIPP also includes a stakeholder engagement plan.

According to our interviewees, although the IPG has made efforts to engage with various stakeholders, the consultations that have taken place so far have been of limited use and little substance. There are doubts among civil society and trade unions as to whether, and if so, to what extent, their input will be taken into account. Access to complete and timely information has also been limited.

In the absence of full trade union rights in Indonesia, trade union participation and the use of social dialogue mechanisms have been limited at best. With regard to the coal phase-out, there is also concern that social justice and just transition are not sufficiently addressed in the JETP. One indicator of this is that retraining and the creation of alternative jobs are not addressed in the JETP agreement. Although the German government is now actively working on these issues as part of its contribution to the JETP, this fuels fears that many coal workers will lose their relatively high incomes and that there will be no real alternatives for them. As in other JETP countries, the state-owned utility PLN has a monopoly on electricity and grid infrastructure and is therefore a very relevant actor. However, PLN has also been criticized for making it difficult to expand solar power quickly and widely.

1.2.3 Vietnam

Vietnam's JETP was announced at COP27 in December 2022, with a financial volume of 15.5 billion USD and the UK and the EU taking the lead in negotiating the IPG. Vietnam launched its Resource Mobilization Plan (RMP) on December 1, 2023, which outlines investment needs and is considered the first step in implementing the JETP. A separate implementation plan will follow later. As in the case of Indonesia, approximately 50 per cent of the funding will come from private sources and 50 per cent from public sources, with only 0.32 billion USD of the public funding coming from grants. Ministry-led working groups have been formed to work on policy reforms as part of the implementation plan. Civil society and trade union stakeholders are not officially part of the working groups. The main goal of Vietnam's JETP is to reduce the country's heavy reliance on coal (from currently 30 per cent to 22 per cent by 2030) and increase energy supply from wind and solar (to 47 per cent by 2030 and 72 per cent by 2050) to achieve climate neutrality by 2050.⁶

In Vietnam, the JETP faces major challenges as the energy transition is hampered by regulatory and administrative problems and the focus on privatization has not been fully welcomed. However, it would be important to attract much-needed additional investment from private capital. With regard to the equity component of the JETP, the government's priority is to ensure sustained low energy prices and to retrain workers in the coal industry. The involvement of non-gov-

⁴ <https://doi.org/10.1080/0376835X.2019.1654853>

⁵ <https://adamtooze.substack.com/p/chartbook-267-JETP-the-paper-tigers>

⁶ <https://www.boell.de/de/2024/03/12/vietnam-energiwende-partnerschaft-jetp-hat-hohe-politische-kosten>

ernmental organizations (NGOs) has not been considered or planned.⁷

1.2.4 Senegal

With the signing of a JETP with Senegal – an emerging oil and gas producer – in June 2023, the scope of JETPs has been expanded to include more than just the transition away from coal. It also differs from the previous three JETPs in that it is the first JETP with a Least Developed Country (LDC). It has a relatively low financial volume of 2.7 billion USD due to lower assumed demand. The JETP is designed to help Senegal achieve its goal of 40 per cent renewable energy by 2030 and make the mobility sector more sustainable. Senegal has established its JETP secretariat and initial fast-tracked projects to increase solar energy, storage capacity, rural electrification and transmission. Implementation working groups, including civil society and trade unions, have been set up. Senegal's investment and implementation plan is expected to be published by mid-2024.

While the Senegalese government, elected in 2024, appears willing to move away from fossil fuels in the longer term and gradually convert its own energy supply to renewables, the public debate tends to revolve around oil and gas production. Many hopes are pinned on this sector as the basis for significant economic development in Senegal. While the JETP is intended to provide alternatives to fossil fuel-based energy, natural gas is also seen as an important source of revenue during the transition period. Although the IPG has clearly stated that JETP funds will not be used to support gas and oil production, the public debate about the use of the expected revenues from the sale of natural gas continues, while the JETP receives scant media attention. This is further underscored by the fact that the positive labor market effects of expanding renewable energy still play little role in public perception.

As Senegal is an LDC, there are also fears that the JETP will add to the country's already heavy debt burden, thereby hindering rather than promoting sustainable development. The involvement of civil society and trade unions in the JETP is planned and, according to stakeholders interviewed in Senegal, has worked quite well so far. However, there is still a lot of uncertainty and lack of transparency about the overall roadmap and the way forward. In addition, unions are very small compared to South Africa and have less political influence. How the justice component of the Senegal JETP can or should be defined is still largely unclear and requires further elaboration and discussion.

1.3 OUTLOOK AND STRUCTURE OF THE PAPER

Given their political importance and visibility, JETPs have raised the profile of just transition in the energy sector and moved it higher on the political agenda. The fact that all major donor countries have joined forces in this plurilateral platform increases the political impact and generates much more funding than any single donor could mobilize. At the same time, there is a growing realization that a just transition is not possible without legal, political, and especially social flanking, which in turn entails high additional costs that none of the JETP countries can shoulder alone.

As mentioned above, the JETPs aim not only at *targeted and massive financing*, but also at *technical support and social flanking* of the *structural change* in the energy sector with the aim of decarbonizing it as quickly as possible. They go far beyond the often prevalent but much more limited approaches of project-based cooperation to reduce emissions. Rather, they aim to develop and implement ambitious national roadmaps for energy system transformation and offer the prospect of significantly more financial resources than traditional donor-recipient country cooperation generally does. JETPs are therefore unprecedented, and their implementation is complex and challenging. In addition, they are under great time pressure to produce measurable results quickly to justify the high level of investment.

As the brief description of the country cases makes clear, a number of challenges and problems have arisen in this context. These relate on the one hand to procedural and institutional aspects and norms such as transparency, inclusiveness and compliance with the guidelines for just transition and social dialogue. On the other hand, there are also substantive concerns raised by various stakeholders, such as the nature and scope of funding and the underlying issues of power and influence. The JETPs are designed to achieve measurable success in reducing emissions by the end of the decade. However, comparable *success parameters* for the *equity component are not clear* and, above all, not uniformly and consensually defined, which creates a vacuum that can quickly, or already has, become a problem in the reality of the countries concerned. But even in terms of emission reduction targets, the timeframe in which the JETPs are supposed to have a measurable impact is too short. Far-reaching changes require more time, and the social component is as important to success as the technical and financial components. In this respect, the measures implemented by the JETPs ultimately fall short and do not take sufficient account of the broader social, political and socio-economic context, including the associated demands for social justice and fairness. This also reduces the chances of the JETPs achieving long-term transformative success in terms of climate change mitigation goals.

The *aim* of this policy paper is to raise awareness among decision-makers and key stakeholders of key requirements and recommendations for making JETPs more equitable, socially

⁷ https://www.iseas.edu.sg/wp-content/uploads/2023/06/ISEAS_Perspective_2023_62.pdf

just and inclusive, so that they can achieve the best possible outcomes and contribute to sustainable transformations.

We have been guided by the following *initial questions*, which will be explored in more detail in the following chapters:

1. How should JETPs be seen in the broader context of climate and energy policy cooperation?
2. What importance do JETPs attach to the energy transition and what contribution do they make?
3. How are transparency and stakeholder participation ensured and how can they be improved?
4. How can JETPs contribute to a just transition and sustainable development?

Our analysis and recommendations are based on experience and draw extensively on the broad network of the Friedrich-Ebert-Stiftung (FES) and its partners in the four JETP countries and beyond. In addition to secondary data and a literature review, the analysis is based primarily on 17 interviews with relevant stakeholders from civil society, trade unions and government representatives, conducted between April and June 2024 in accordance with Chatham House rules. It was agreed that the identities of all interviewees would remain anonymous and that we would not make any references to them in the paper that would allow conclusions to be drawn about their sources.⁸

Due to the prominent and plurilateral nature of the JETPs, they have generated a great deal of public and political interest and have sparked cross-country dialogues between civil society and trade unions. This can be seen as an opportunity to learn valuable lessons for future partnerships for inclusive, equitable and socially just transformations to ensure the success of decarbonization efforts. It is in this spirit that the following analysis and recommendations for further engagement and improvement are offered.

⁸ The results of the interviews with experts from government ministries, academia, think tanks, policy foundations, non-governmental organizations and trade unions in the donor countries as well as the JETP countries South Africa, Indonesia, Vietnam and Senegal have been given due consideration in this policy paper. We are grateful to all those interviewed for the wealth of information, opinions and suggestions they provided us with, without which the paper could not have been written in this form. We would also like to thank Emil Viktor Huth and Trang Nguyen Mai for helping us to document interviews and summarize the findings. However, the authors are solely responsible for the content of this paper, including possible errors.

2

REQUIREMENTS FOR EQUITABLE, MUTUALLY BENEFICIAL, AND INCLUSIVE PARTNERSHIPS

In this chapter, we will develop a set of key elements for successful JETPs. With a view to more inclusive, equitable and mutually beneficial partnerships, we will focus on the following elements that we have identified as critical through our interviews with various stakeholders: principles and requirements of justice, institutional and procedural requirements, economic and financial requirements, and requirements for transparency and stakeholder involvement.

2.1 PRINCIPLES AND REQUIREMENTS OF JUSTICE

JETPs, like any partnership, should be based on *mutual understanding, respect and trust*. They must be based on *common interests* and, in the best case, a *shared set of values* to have a chance of success and sustainability.

The common interest is reflected in the concrete objectives of each JETP, which should be aligned with the goals of the Paris Agreement. However, it is important to note that while the JETPs are designed to support the achievement of the goals of the Paris Agreement, they are not a subsidiary implementing instrument of the Agreement or the UNFCCC and are therefore not subject to their governing bodies and rules. This means that while the UNFCCC principles may form the basis of JETPs, they do not necessarily have to do so in their entirety.

Relevant principles in this context are *country ownership, inclusiveness, transparency, consideration of national circumstances, equity and CBRD-RC* (common but differentiated responsibilities and respective capabilities)⁹ in terms of ambition levels and efforts undertaken, international cooperation and support provided. *Reliability* and *predictability* are relevant and uncontroversial guiding principles for the provision of international climate finance in JETPs, while *»new and additional«* is controversial, as is, to a lesser extent, the definition of *»adequate.«*¹⁰ Article 4 of the UNFCCC states that resources for climate finance should be *additional* to those allocated for development finance. However, there is no internationally agreed criterion for measuring additionality. In the case of the JETP for South Africa, according to

our interviewees, some funds from ongoing projects were *»reabeled«* and counted towards Germany's contribution to the JETP with South Africa.

It is equally logical that other international agreements or treaties to which partners are committed should be applied in JETPs. These include, among others, the principles of *aid effectiveness*¹¹, *country ownership, alignment, harmonization, results, and mutual accountability* with respect to the relationship between donors and recipient countries in JETPs; the *Sustainable Development Goals (SDGs)*¹² with respect to the development co-benefits of JETPs; and *human rights principles*¹³ (i.e., *participation, accountability, non-discrimination and equality, empowerment, legality, and universality*) with respect to the involvement of, and impact, on the people affected by JETPs.

Given the *»justice component«* that gives JETPs their name, there would be good reasons to consider the International Labour Organisation's (ILO) Guidelines for a just transition.¹⁴ Apart from that, and again referring to the Paris Agreement and its notion of just transition, i.e. *»taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities,«*¹⁵ one could expect this definition to be agreed upon and explicitly referred to in JETPs. Similarly, a strong reference to *human, indigenous and gender rights, as well as intergenerational climate justice*, as cited in the Paris Agreement, could be expected

¹⁰ A good overview how to measure additionality is provided by UNCTAD (2015). The most commonly cited option, especially by governments from the Global South and civil society organizations (CSOs), counts as *»additional«* those funds for climate finance *»over and above the 0.7 per cent official development assistance/gross national income target«* (ibid). *»New funds«* refers to the fact that funding commitments are often made more than once for the same resources, which can lead to double counting. Clear definitions and transparent reporting are needed to avoid this. However, there are no internationally binding guidelines.

¹¹ See the Paris Declaration on Aid Effectiveness: <https://web.archive.org/temp/2021-08-02/73869-parisdeclarationandaccraagendaforaction.htm>

¹² <https://sdgs.un.org/goals>

¹³ <https://www.unfpa.org/resources/human-rights-principles>

¹⁴ <https://www.ilo.org/publications/guidelines-just-transition-towards-environmentally-sustainable-economies>

¹⁵ https://unfccc.int/files/meetings/paris_nov_2015/application/pdf/paris_agreement_english_.pdf

⁹ https://unfccc.int/files/meetings/paris_nov_2015/application/pdf/paris_agreement_english_.pdf

in JETPs: »Acknowledging that climate change is a common concern of humankind, Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity.«¹⁶

However, there is no discernible structured approach to the application of these principles in the JETPs, especially not with a claim to universal validity, i.e., application to all four partnerships and across the entire IPG. To avoid controversy, one approach could be to distill the undisputed elements from the set of possible principles and declare them to be the basis of the JETPs. Doing without such a set of principles carries great risks if a dispute arises within a partnership at the level of action. Possible anchors would be *mutuality*, *solidarity* (distributive justice), *accountability* (human rights, gender equality, polluter pays) and *transparency* (including participatory/procedural justice). References and specifications for all these principles can be found in the international agreements, conventions and treaties mentioned above, most of which have been signed by both IPG members and the JETP partner countries.

Country ownership, as a key criterion for Southern partners and enshrined in the Aid Effectiveness Principles as well as the Paris Agreement, if taken seriously, would require that the partnership program be closely linked to domestic policy priorities and that the respective policies and budgets be aligned. It is essential to recognize and put into practice that a just energy transition requires both technical and social transition processes. This is not yet adequately reflected in current JETP programs. Both require their own set of assessments, plans, stakeholders, financial and human resources, and actions. The transformation of the energy sector has far-reaching implications for other sectors, for society as a whole, and for the individuals involved. Therefore, it cannot be reduced to the core elements of its technical implementation if the transformation is to be successful and widely accepted by various stakeholders.

2.2 INSTITUTIONAL AND PROCEDURAL REQUIREMENTS

JETPs are intergovernmental agreements with their own institutional and procedural elements, but these are not uniform across JETPs. In particular, the *participation rights* of non-state actors, but also of participating departments and sub-state levels of government, vary considerably from one partnership to the next. The fact that participation rights as such are not explicitly formulated for all JETPs, including minimum rights and obligations, cannot simply be eliminated, but is a fundamental deficit in JETP design. Addressing and,

as far as possible, compensating for this is the subject of a number of recommendations in this policy paper.

There are a number of major organizational challenges for JETPs: the large number of actors in a *plurilateral partnership*; the high relevance of the energy sector in the partner countries, also with regard to the challenges of transition; the relevance for local value creation, employment, welfare gains/losses and many other development aspects; the investment volumes; and, last but not least, the foreign (economic) policy significance of JETPs. These challenges require *high-level governance structures* and *clearly structured decision-making, participation and consultation formats that are both transparent and inclusive*. In addition, it is to be expected that broad *multi-stakeholder formats* will be established in the participating countries of the Global South, for example, along the lines of the German Coal Phase-Out Commission, in order to ensure meaningful participation and consent of relevant stakeholders. However, this is not the case, even though there are a number of opportunities for participation.

In terms of minimum institutional and procedural requirements, the following benchmarks could be formulated: In the interest of country ownership and successful transformation, the government receiving the funds should make the final decision on priorities but should be advised by the IPG and be accountable to it as well as to its own people. An appropriate degree of flexibility should be allowed in the use of funds, including for structural and industrial policies, labor market policies, and other social policies. At the same time, a high degree of transparency is essential. Moreover, decision-making processes should be centrally coordinated and as streamlined as possible but should be based on meaningful consultations with all relevant stakeholders, taking due account of their legitimate interests. However, our analyses show that these institutional and procedural requirements are not met by the JETPs, or at best are only partially met.

2.3 FINANCIAL AND ECONOMIC REQUIREMENTS

In total, the commitment for the four JETPs amounts to about 52 billion USD. With this amount, the current financing concept of the JETPs (i.e., essentially mobilizing funds from the climate funds of the IPG members and leveraging additional private capital through the use of own funds) appears to have reached an upper limit for the time being. Without a broadening of the financing base (e.g., by involving additional donors), an expansion to other partner countries in the Global South is currently rather unlikely. This is aggravated by the fact that the current recipient countries will probably need a multiple of the pledged funds to fully implement their transformation goals. South Africa, for example, estimates transition costs of at least 85 billion USD, of which only 11.6 billion will be mobilized through the JETP. This shows that the *JETPs are underfunded*. Moreover, trade unions and observers estimate that less than one per cent of the funds have so far been invested in the »justice« component in the narrower sense, such as training and other labor market and

¹⁶ Ibid

social policy measures. Thus, there is an enormous funding problem.

Another problem is the *quality of the funds* provided: 96 per cent of total JETP funding consists of loans or guarantees, many of them at or close to market rates, and only 4 per cent is in the form of grants. In the South African case cited above, for example, only 716 million USD has been pledged as grants, or 6 per cent of the financial package pledged by the IPG, or less than 1 per cent of the transition costs currently expected. Given the high level of *debt*, trade unions are not the only ones to warn that JETPs run the risk of exacerbating the debt crisis in partner countries: South Africa, Indonesia, and Vietnam are critically indebted, and Senegal is very critically indebted.

While critics complain that JETPs aim to stimulate private investment by providing public concessional loans and financial guarantee instruments, thereby not only increasing debt but also placing the transformation in the hands of the *private sector* and thus handing it over to the market, supporters see *blended finance* as part of the solution to overcoming the underfunding of the transformation. In their view, the transformation cannot succeed against the economy, but only with it. The role of government in this context would be to enforce social and environmental guardrails or standards, and to shape investment conditions in such a way that investments in the transition from a fossil to a renewable energy system are profitable and responsible, serving the needs of the country and the protection of public goods. Under these conditions, blended finance could serve as an effective tool to strategically deploy development finance to address challenges such as lack of infrastructure or high upfront costs and make energy transition projects financially viable. Typically, governments and multilateral development banks would provide anchor investments such as equity, guarantees, or subordinated loans to de-risk commercial investments and buy down the cost of capital to encourage commercial banks, pension funds, and other private investors, including small and medium-sized enterprises, to also invest.

JETPs follow this approach, which is also advocated by the UN Secretary General's Independent High Level Expert Group on Climate Finance¹⁷ and the Vulnerable Twenty Group,¹⁸ among others. But JETPs are more than just investment agreements. As the name suggests, they are about transforming an entire sector, which means much more than simply replacing coal-fired power plants with wind or solar power plants and upgrading power grids. The energy industry is a complex economic system of supply and value chains, with multiple processing stages from coal mining to combustion in the power plant, with all its suppliers, secondary and tertiary ef-

fects. Replacing it with a different, much more decentralized power generation system based on renewable energies with their completely different location factors and value chains is not a minimally invasive procedure but amounts to open-heart surgery on a country's economic and power generation system. While this creates new opportunities for improved value creation, it also brings many of the disruptions and hardships that structural change usually entails, and which can last for decades, as the example of the Ruhr region in Germany shows.

The question therefore arises as to whether JETPs, as a financing and support instrument for the energy transition, adequately reflect these circumstances. Are partner countries in the Global South, where this structural change is taking place, in a position within the partnership to ultimately decide on the decisive course themselves and to receive support from the partnership in managing the structural change, as the name – *Just Energy Transition Partnership* – promises? If this were not the case, there would be considerable risks. If the strategic priorities of JETPs are driven by developed countries and multilateral development banks, this can lead to a loss of policy space in developing countries, undermine core principles of multilateral cooperation, and weaken climate action.¹⁹

The question that needs to be examined is whether JETPs use blended finance to enable transformation in the sense of a just energy transition, or whether this is not the case and governments in partner countries are ultimately controlled from the outside, or at least tempted to embark on the transformation without foresight, as critics believe. The success of the energy transition depends not only on emissions savings, but also on improved local value creation and other long-term welfare gains and co-benefits for sustainable development, which ultimately provide the criteria for assessing the success of the transformation of the energy sector. A first important litmus test is whether the national energy development plans in the partner countries have been used to model whether, how and at what cost the transition to renewable energies with the ultimate goal of 100 per cent supply can succeed. What framework conditions need to be in place? What are the labor market effects? How can these and other positive and negative effects of structural change be assessed and managed? What are the financial consequences? The results of such analyses should be made public and discussed with the participation of all relevant stakeholders, with the aim of achieving the broadest possible support for the transformation process. These steps take time, and it is often argued that there is not enough time for this as JETPs need to deliver results quickly. A wise strategy is needed to meet both requirements, i.e., to achieve quick results (see our proposal for catalytic projects below), but also to allow sufficient time for the necessary planning and consultation processes.

It remains to be seen how far the JETPs have come. Indonesia, for example, released its *Comprehensive Investment*

¹⁷ Independent High Level Expert Group, Finance for climate action: <https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2022/11/IHLEG-Finance-for-Climate-Action-1.pdf>.

¹⁸ <https://www.v-20.org/about#:~:text=The%20Vulnerable%20Twenty%20%28V20%29%20Group%20of%20Ministers%20of,dialogue%20and%20action%20to%20tackle%20global%20climate%20change.>

¹⁹ https://warwick.ac.uk/fac/soc/law/research/projects/nefdef/climatefinance/policy-advocacy/aapg_submission_-_cliff.pdf

and Policy Plan in November 2023,²⁰ and Vietnam released its *Resource Mobilization Plan* a month later.²¹ These plans, which define the scope of the transition and break it down into investment projects, can be used for focused discussions with stakeholders. A just energy transition should not only mitigate negative impacts, but also create new value chains, sustainable development and prosperity. Most importantly, concrete prospects for the future are needed for those regions that are heavily dependent on the coal sector.

2.4 REQUIREMENTS FOR TRANSPARENCY AND STAKEHOLDER INVOLVEMENT

On the one hand, there seems to be a broad consensus that the transformation processes required by the energy transition as defined in the JETPs can only be socially just if all relevant stakeholders in the respective country are consulted and involved, which increases the level of credibility, acceptance and ownership. This includes non-state actors such as civil society groups, trade unions and academia.

To truly contribute to a just energy transition, local voices, represented by civil society and trade unions and associations of informal workers, must be heard, as they are the ones in touch with the local and often marginalized communities most affected by the transition and who understand the economic and social realities on the ground. Only if the financial flows and policies promoted by the JETPs are based on the people's needs will they be able to address social justice elements and achieve a just transition. Addressing these needs is not only critical to achieving the desired outcomes, but will also increase social acceptance of these massive transitions.

Participation and inclusion require an atmosphere of trust. This is especially true when there are many reservations among the stakeholders involved. Credibility is therefore a key success factor. Credibility must be earned by all stakeholders. Ultimately, everyone has a responsibility. For example, it is certainly not helpful if actors are not consistent in what they do and what they demand of others. If, for example, a government demands a rapid phase-out of coal from others, but delays it in its own country, this does not tend to foster trust.

However, while in theory inclusiveness and participation are seen as a crucial part of the JETP's whole-of-society approach, the reality on the ground is different. Many civil society observers criticize that »the process of developing and agreeing JETPs and their related Investment Plans (JET-IPs) are currently opaque. The ability of non-state actors to weigh in on negotiations is limited by their lack of access to information which impedes the credibility of JETPs.«²²

While civil society and trade union actors are included in some of the working groups and consultation processes with JETP secretariats (e.g., in the case of South Africa, where the PCC includes civil society actors), there is concern that these consultations are not substantive, that the inclusion did not occur early enough, or that their input simply does not have an impact. Many of our interviewees emphasize that there has been a lot of criticism from local stakeholders. In the negotiations over the JETPs, it is often unclear to them what concessions their governments are making to the IPG, particularly in terms of financial commitments. In addition to limited access to information, many pointed out that they often lack the resources and capacity to properly follow up on these issues.

Overall, observers note that there is much room for improvement in civil society participation in all JETP partner countries. At present, participation is selective, and stakeholders have far too little time to respond to and comment on documents such as the key investment plans. Even though participation has improved in South Africa and Indonesia, and Senegal, where the process is still in its infancy, hopes to learn from the mistakes and experiences of other partner countries, almost all observers agree that there is still a lot of room for improvement in all countries. The participation of civil society, including trade unions and affected communities, in JETPs should therefore take the form of a *structured and institutionally well-anchored process*. One-off consultations are not sufficient and quickly degenerate into mere symbolic politics, especially if it is not clear to those involved whether and how the results of the consultations will be incorporated into the JETP decision-making process.

In order to be effective and, above all, sustainable, it would make sense to implement JETPs as *multi-stakeholder partnerships*, because a just energy transition cannot succeed without stakeholder participation that goes far beyond government bureaucracy and external consultants. Depending on the country, the composition of stakeholders involved may vary in detail. If non-state and subnational actors also play a key role in the implementation of the partnership, this should also be reflected structurally: The intergovernmental level of cooperation in JETPs should be supplemented by levels of cooperation between key actors from business, trade unions and civil society, e.g., by establishing additional JETP business and civil society panels along the lines of the G20's L20, B20, C20, F20, etc. These panels could serve an advisory function within the JETP. These panels could have an advisory role within the JETP. At the same time, they could be tasked with implementing specific components of the partnership, for example in the areas of research, education and training. The specifics of these would need to be determined for each JETP.

JETPs could pilot new multi-stakeholder participation formats that go beyond traditional intergovernmental cooperation. If these formats or panels are well networked, both nationally and internationally, a new biotope could emerge that serves as a *transmission belt for a just energy transition*, connecting stakeholders that are essential to create something like a whole-of-society approach.

²⁰ https://jetp-id.org/storage/official-jetp-cipp-2023-vshare_f_en-1700532655.pdf

²¹ https://climate.ec.europa.eu/system/files/2023-12/RMP_Viet%20Nam_Eng_%28Final%20to%20publication%29.pdf

²² <https://cdn.unrisd.org/assets/library/briefs/pdf-files/2023/rpb-41-jetp.pdf>

2.5 REQUIREMENTS FOR JUST TRANSITION AND SOCIAL DIALOGUE

Last but not least a key issue that deserves special attention is the fact that the JETPs aim to follow a just transition approach. As emphasized above: *Just Energy Transition* is enshrined in the name of the partnerships themselves, which stipulate that the transition away from fossil fuels must take place in a socially just manner. Even though the JETPs have just transition in their name, the *justice component* is not nearly as clear and, above all, not as consensual as the mostly technical energy transition component. There are no clear links to other just transition programs and activities, including at the country level. This results in a correspondingly *diverse and sometimes contradictory spectrum of opinions and approaches to just transition in JETPs*.

The focus on just transition dates back to the formulation of the first JETP with South Africa, where just transition has traditionally played a prominent role in climate policy. Just transition as a concept originated in the United States in the 1990s, when trade unionists first used the term to describe a system of support policies for workers in the chemical industry who lost their jobs as a result of new environmental protection measures. At the heart of just transition is the principle that no one should be left behind and that workers and communities should not be disproportionately affected. Transition processes must therefore be designed in an inclusive and socially just manner through appropriate policies and support measures. The goal is to maximize climate benefits and minimize negative impacts and risks, without undermining climate ambition. For just transition policies to be effective, they must be achieved through the broad participation of all relevant stakeholders, such as trade unions, through stakeholder dialogue and social dialogue.

In the field of international climate policy, the concept of just transition has gained considerable prominence since 2015, when the need for a just transition was enshrined in the preamble of the Paris Agreement. In the same year, the ILO's Guidelines for a just transition were published (ILO 2015). To date, they remain the primary reference point on how to manage the transition to a green, fossil-free economy while creating decent jobs, reducing poverty, promoting social protection and minimizing negative impacts on workers. They integrate environmental, economic and social concerns and include macroeconomic policies to promote green growth and sustainability, social protection measures, active labor market policies to secure jobs, worker protection and health and safety guidelines, skills and retraining, environmental standards and institutional frameworks for sustainable development.

Most importantly, they stress the need for stakeholder dialogues and (tripartite) social dialogue at all levels to ensure that these elements are implemented in an inclusive manner. In general, civil society participation is seen as part of a broader stakeholder dialogue, which should include a range of different stakeholders such as affected communities, NGOs, local organizations, academia and the private

sector. More specifically (tripartite) social dialogue refers to discussions between the three entities directly affected by labor policies: government, trade unions and employers.

Against this backdrop, trade union and civil society representatives in JETP countries have criticized the fact that the ILO's Guidelines for a just transition are not adequately incorporated as part of the JETP agreements. Since there is no blueprint for just transition, following the ILO guidelines would serve to ensure that JETP priorities are based on local needs and priorities, thereby translating the ILO's Guidelines for a just transition into the local context and putting them into practice. This could also mean broadening their scope to include other issues, particularly with regard to informal work and general »justice« elements that are important to local communities.

While independent social dialogue mechanisms are not well established in some countries and can therefore only be applied in a limited number of cases, broader stakeholder dialogue is possible in all countries.

As confirmed by the interviews, in countries such as South Africa, a country with relatively strong trade unions and established social dialogue mechanisms, trade unions criticize that these are not adequately respected due to a lack of information, e.g., due to existing non-disclosure agreements, which effectively prevent trade unions from actively participating in the social dialogue on energy transition as they do not have access to the necessary information.

In other cases, such as Indonesia, although the JETP secretariat includes civil society stakeholders, there is no specific reference to trade unions and it is not yet clear to what extent trade unions will be involved in the further JETP process. Other stakeholders that are relevant for the adequate inclusion of just transition aspects are also sometimes not part of the process, such as relevant ministries (e.g., Ministry of Labor).

With regard to the other elements of the ILO's Guidelines for a just transition besides social dialogue, there is no clear indication of how exactly they will be used to guide just energy transition processes in the context of the JETPs. One of the most important starting points for incorporating these elements is the creation of a clear employment roadmap for the energy transition. However, the interviews made it very clear that there is still no clarity on the number and type of jobs that will be lost (or if any jobs will be lost at all), nor is there any information on how many new jobs and what kind of jobs will be created by the energy transition. There does not appear to be an employment roadmap in the JETP countries at this time.

3

CONCLUSION AND POLICY RECOMMENDATIONS

3.1 CONCLUSION

The transition of the energy sector from fossil fuels to renewable energies and the development of an efficient energy infrastructure are associated with complex challenges and far-reaching social and economic consequences. This must be adequately reflected in JETPs, which requires much more than energy-related financial and technical expertise and instruments.

Justice is in the name of *Just Energy Transition Partnerships*, but the primary focus of JETPs is clearly on the financial, technical and business aspects of energy transition. In contrast, the social dimension, which is what makes a transition just in the first place, has so far played a completely subordinate role. As a result, there is a great risk that legitimate expectations will be raised and then bitterly disappointed, undermining the legitimacy and success of the JETPs.

Even if just transition is not yet at the center of the JETPs, they have already made a first contribution to moving the topic of just transition from the rather theoretical and abstract to the concrete, implementation-oriented discourse and thus onto the political agenda of the JETP partner countries in the Global South. This is a first, but not sufficient step towards a whole-of-society approach to the transformation of the energy sector and new local value creation, prosperity and sustainability. The social dimension of the transformation of energy generation and supply systems in JETPs now needs to be significantly expanded and secured both procedurally and institutionally, and above all financially, if JETPs are to achieve their goals.

To achieve this, the parties involved must first come to an agreement. Experience to date shows that there is no overarching, jointly developed and agreed understanding of *justice in transition* among the partners of individual JETPs, or even across JETPs. Without such an agreement, disappointed expectations and misunderstandings are likely to continue, which could effectively block or undermine the much-needed rapid success of the JETPs. This will not be an easy task. It is reasonable to assume that even among the IPG members, and in some cases among the ministries of individual participating countries, there is no common understanding of the importance of the justice component to the

JETPs. In addition to greater coordination among themselves, there is a need for clear political leadership, underscoring the fact that JETPs can only be successful in the long term if they become a real government priority in the participating countries.

The *exact social dimension* of a just transformation of a country's energy supply cannot be determined at the beginning of a transformation process in which all JETP countries are still involved. This is a matter for negotiation with all relevant stakeholders, including affected regions, communities and workers or their legitimate representatives. What should be clear from the outset, however, is a common understanding that the decarbonization of the energy system naturally has a highly relevant social dimension that needs to be adequately addressed.

A country's structural and regional policies are national sovereign tasks and cannot be dictated from the outside. What can be expected of the IPG and the JETP countries, however, is that they clearly state that adequate consideration of the social dimension of energy system transformation is a key success factor for JETP and that this dimension must be taken into account in financing and implementation planning – on both the donor and the recipient side.

What's more, the IPG members themselves have experience in transforming their energy systems. Experiences such as Germany's coal phase-out, including work with the *Coal Commission* (Commission for Growth, Structural Change and Employment), may not be directly transferable, but can still be helpful in many ways to JETP partner countries. In this respect, it is to be expected that the exchange of experience on the political organization and social design of transformation, in the sense of a process for the whole of society that integrates and does not exclude stakeholders, will also play a certain role in the course of the JETPs.

The majority of the stakeholders we spoke to believe that the creation of the JETPs, despite its problems, has led to much closer and better coordination processes between the partners involved than was previously the case with all other cooperation in the energy sector. This demonstrates the potential of plurilateral partnership platforms.

Nevertheless, there are limits to simply replicating the existing JETPs, since even in their current, incomplete form they tie up scarce human and financial resources. Although the bundling of high political, human and financial commitments makes them potentially efficient, their replicability is limited. In this respect, it is foreseeable that the JETP format will evolve into other models of plurilateral cooperation platforms involving other actors, such as multilateral development banks. Nevertheless, the lessons learned from the JETPs remain important and should be taken into account not only in the JETPs themselves, but also in other types of climate and development partnerships. With this in mind, we offer the following recommendations.

3.2 POLICY RECOMMENDATIONS

1. For JETPs to be effective, they must be *politically high-level, well-coordinated* and follow an *overarching long-term strategy*. Relevant governance elements would be the overall political responsibility of heads of government with progress reviews at government consultations, clear responsibilities at the ministerial level, the appointment of sherpas for each partnership both in Germany and in the other partner countries along the lines of the G20 sherpas, and clearly defined responsibilities of partnership secretariats and IPG support structures for each JETP country. With high, strategically secured and robust political leadership, it will also be easier to mobilize high levels of commitment and financial support over a longer period of time.
2. Broad, sustainable and politically secured *multi-stakeholder participation* should be a key second pillar of JETPs, alongside the government pillar – both at the international and national levels. To ensure transparency and adequate access to information, JETP-related data and documents relevant to the public should be made available through an open access platform.²³ Ensuring participation would also mean engaging relevant stakeholders, including business, trade unions, affected local authorities, foundations, academia, environmental organizations and other civil society actors in both JETP and IPG countries. This is a crucial element in bringing the whole-of-society approach to life. To ensure participation throughout the process, a standing committee for JETPs should be formed as soon as negotiations begin. This will ensure that doors are kept open for discussions with local stakeholders even after the JETPs have been signed and will ensure continued dialogue during the implementation and evaluation phases. At the international level, it should also be considered whether the IPG should establish an international expert advisory panel on just transition for the JETPs.
3. JETPs need good expectation management. Their significance and objectives, but also their limits, must be clearly defined and communicated internally and externally. This is especially true for the justice component, which gives the JETP its name, because it is much less self-explanatory than the more technical goal of achieving climate neutrality in the energy sector. The concept of just transition underlying the JETP should be defined at least at the country level, but preferably also at a higher level, including a clear delineation of justice in terms of scale and scope. It would be best to develop and agree on a *just transition framework* for each JETP, including definitions, objectives, participation formats, underlying assumptions, a theory of change, and a rough roadmap, including budgets, for implementing just transition. Specifically, this should include the following elements:
 - a) *ILO Guidelines on a just transition*: The concrete policy elements outlined in these guidelines should serve as an important benchmark to ensure that the justice component of JETPs is addressed in a meaningful way and should be included in all JETP agreements. However, it is also clear that there is no blueprint for a just transition and that local needs must be prioritized.
 - b) *Capacity building*: There is a need to strengthen the capacity of trade unions globally to participate in JETP processes at the local level. They often lack the access, capacity and resources to do so.
 - c) *Social dialogue*: In countries with established social dialogue mechanisms, these should be actively used in the context of JETPs and strengthened through dedicated JETP funding. In countries without established social dialogue mechanisms, JETP funds could be used to invest more in capacity building to develop social dialogue mechanisms, while strengthening stakeholder dialogue with a wider range of actors.
 - d) *Employment roadmap*: To enable a just transition based on local needs and priorities, the development of a comprehensive employment roadmap to climate neutrality should be included in all JETP agreements. This roadmap would be developed at the beginning of the JETP implementation phase through primary data collection and stakeholder consultation in a participatory manner.
4. JETPs can only be successful if they have clear co-benefits for economic development, local value creation, employment, prosperity and a healthy environment. Close coordination between JETPs and national economic policy or development planning is a necessary but not sufficient condition for the success of JETPs. They must also be *aligned with structural and industrial policies, regional development and spatial planning*. Other contextual factors, such as external debt, climate risks, geopolitics and geo-economics, as well as important lessons learned, e.g., from poverty reduction strategies, should also be taken into account.
5. JETPs should be based on a sound information base, drawing on the best available expertise and science. Potential project areas need to be clearly identified and environmental and social impact assessments carried out. Planning for the transformation of the energy sector

²³ In the case of South Africa, this has been made possible through the Just Energy Transition grants register, which publicly discloses how JETP grants have been disbursed: <https://www.stateofthenation.gov.za/assets/downloads/JET%20Grants%20Register%20-%20Public%20Nov2023.pdf>

should always be based on a *comparative analysis of alternative future scenarios with existing energy development plans*. The modeling of renewable energy scenarios should take into account spatial, labor market, and cost aspects, and follow a political economy approach in addition to technical and economic aspects.

6. JETPs should result in implementation plans that are publicly available as early as possible, with a high degree of *transparency of JETP measures, expected impacts and budgets*.
7. There should be financial transparency regarding the volume and quality of funds provided internationally. The IPG should make transparent the basis on which funding decisions and thematic priorities have been set. This should include the disclosure of funding conditions and the use of funds. Ensuring financial transparency, including for non-state actors, is important to enable them to make informed recommendations. Relevant stakeholders (including civil society) should be consulted on priorities for the use of JETP funds. A *higher level of grants and highly concessional loans* is needed to strengthen the (international) justice component in JETPs. *Earmarking a certain percentage of JETP funds* for stakeholder dialogue, just transition and capacity building would be another important element in ensuring inclusion and addressing the justice component. This percentage should be jointly discussed and decided.
8. Close donor coordination and a good understanding of the project landscape in JETP partner countries are essential for the success of JETP. In many cases, however, the existing project landscape is not sufficiently taken into account and *synergies, for example with other energy partnerships or just transition projects*, are not used. There is room for improvement here.
9. The transformation of the energy sector and the associated structural change is a generational task and requires long-term commitment. At the same time, it is very important to bring projects with potentially high impact to a successful conclusion quickly and to communicate this well: Visible success with scaling potential, i.e., *catalytic projects*, play a crucial role in significantly broadening the base of those who support the transition. It should not be underestimated that most stakeholders are initially skeptical about change. Change is often seen as a risk rather than an opportunity. These mechanisms can be found at the individual, community, corporate and societal levels and relate to attitudes towards the transformation of energy systems. Successful catalytic projects are therefore important to increase confidence in transformation processes. In the further implementation process, the impact of such projects should be scaled up to gradually create a transformative trend and ultimately a new overall system.

10. The United Arab Emirates launched the Gender-Responsive Just Transitions and Climate Action Partnership²⁴ at COP 28 to promote *gender equality, gender responsiveness and gender sensitivity in climate action* through just transitions. In this sense, JETPs should be adapted in a gender-responsive way, and these adaptations should be supported by gender budgeting, more women in leadership positions, and the standardized use of gender-disaggregated data.

JETPs have raised high expectations and must now live up to them. If they succeed, they will inspire replication and provide much-needed financial support for energy transitions in the Global South. If they fail, it will be a further setback for the implementation of the Paris Agreement's goals and for already tense North-South relations, which are currently characterized by a high level of mistrust. Therefore, all stakeholders would be well advised to consider constructive criticism and good suggestions in order to continuously improve the JETPs and help mobilize the high potential they undoubtedly have. In addition, the lessons learned from the JETPs and the recommendations outlined can help to shape future climate and energy partnership models in a more inclusive, equitable and mutually beneficial way.

²⁴ <https://www.cop28.com/en/cop28-gender-responsive-just-transitions-and-climate-action-partnership>

BIBLIOGRAPHY

Literature cited

Behrens, Julia (2023): Vietnam's JETP Agreement: Accelerating the Energy Transition in a Just Way? ISEAS - Yusof Ishak Institute, Perspective Issue 2023, No. 62: https://www.iseas.edu.sg/wp-content/uploads/2023/06/ISEAS_Perspective_2023_62.pdf (last accessed 29/5/24)

COP28 UAE Declarations (2023): COP28 Gender-responsive just transitions and climate action partnership. <https://www.cop28.com/en/cop28-gender-responsive-just-transitions-and-climate-action-partnership> (last accessed 30/7/24)

Fünfgeld, Anna, Jörg Wischermann (2024): Why Just Energy Transition Partnerships Are Not Enough, GIGA Focus Global, 2, Hamburg: German Institute for Global and Area Studies (GIGA), <https://doi.org/10.57671/gfgl-24022> (last accessed 19/7/24)

Independent High-Level Expert Group on Climate Finance (2022): Finance for climate action, Scaling up investment for climate and development. <https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2022/11/IHLEG-Finance-for-Climate-Action-1.pdf> (last accessed 19/7/24)

International Energy Agency (2023): Global CO₂ emissions by sector, 2019-2022: <https://www.iea.org/data-and-statistics/charts/global-co2-emissions-by-sector-2019-2022> (last accessed 29/5/24)

International Labour Organization (2015): Guidelines for a just transition towards environmentally sustainable economies and societies for all: <https://www.ilo.org/publications/guidelines-just-transition-towards-environmentally-sustainable-economies> (last accessed 29/5/24)

JETP Secretariat Indonesia (2022): Comprehensive Investment and Policy Plan. JETP Indonesia. <https://jetp-id.org/cipp> (last accessed 19/7/24)

KfW Development Bank (2023): Phasing out coal: KfW is supporting South Africa in its environmentally sustainable and socially responsible energy sector reform: https://www.kfw.de/About-KfW/Newsroom/Latest-News/Pressemitteilungen-Details_789568.html

OECD (2024): Paris Declaration on Aid Effectiveness. OECD/Legal/5017. <https://web-archiv.oecd.org/temp/2021-08-02/73869-parisdeclarationandaccraagendaforaction.htm> (last accessed 19/7/24)

Republic of Vietnam (2023). Resource Mobilization Plan. Implementing Vietnam's Just Energy Transition Partnership (JETP). https://climate.ec.europa.eu/system/files/2023-12/RMP_Viet%20Nam_Eng%28Final%20to%20publication%29.pdf (last accessed 19/7/2024)

Rosemberg, Anabella & Krause, Dunja (2023): Just Energy Transition Partnerships: Toward a Collective Assessment, United Nations Research Institute for Social Development, Research and Policy Brief 41/December 2023, Environmental and Climate Justice: <https://cdn.unrisd.org/assets/library/briefs/pdf-files/2023/rpb-41-jetp.pdf> (last accessed 29/5/24)

State of the Nation (2024): JET IP Grant Mapping Register: <https://www.stateofthenation.gov.za/assets/downloads/JET%20Grants%20Register%20-%20Public%20Nov2023.pdf> (last accessed 13/6/24)

Tan, Celine, Yilmaz Vastardis, Anil & Erdem Türkelli, Gamze (2023): UK-African Partnerships and Just Energy Transitions: Finance and Investment Implications, New Frontiers in International Development Finance, Climate Finance for Equitable Transitions: https://warwick.ac.uk/fac/soc/law/research/projects/nefdef/climatefinance/policy-advocacy/aapg_submission_-_clift.pdf (last accessed 29/5/24)

Tan, Celine, Yilmaz Vastardis, Anil & Erdem Türkelli, Gamze (2023): Evaluation of the Just Energy Transition Investment Plan (JET-IP). Published by New Frontiers in International Development Finance (Neg DeF) & Climate Finance for Equitable Transitions (CLIFT). https://warwick.ac.uk/fac/soc/law/research/projects/nefdef/climatefinance/policy-advocacy/clift_contribution_to_jet-ip_submission_final_30.03.23.pdf (last accessed 19/7/24)

Tooze, Adam (2024) Chartbook 267 JETP: The »Paper Tigers« of Western climate geopolitics (also Carbon Notes #12): <https://adamtooze.substack.com/p/chartbook-267-JETP-the-paper-tigers> (last accessed 29/5/24)

UNCTAD (2015): »New and additional« climate finance: A continuing lack of clarity. Policy Brief no. 41. <https://unctad.org/news/new-and-additional-climate-finance-continuing-lack-clarity#:~:text=While%20a%20number%20of%20internationally%20agreed%20documents%20such,recorded%20in%20statistics%20on%20official%20development%20assistance%20%28ODA%29> (last accessed 19/7/24)

UN Department of Economic and Social Affairs (n.d.): Sustainable Development. The 17 Goals. <https://sdgs.un.org/goals> (last accessed 31/7/24)

UNFCCC (2015): Paris Agreement. https://unfccc.int/files/meetings/paris_nov_2015/application/pdf/paris_agreement_english_.pdf (last accessed 31/7/24)

UNFPA (2005): Human Rights Principles. <https://www.unfpa.org/resources/human-rights-principles> (last accessed 31/5/24)

Wischermann, Jörg (2024): Vietnam: Energiewende-Partnerschaft (JETP) hat hohe politische Kosten, Heinrich-Böll-Stiftung: <https://www.boell.de/de/2024/03/12/vietnam-energiewende-partnerschaft-jetp-hat-hohe-politische-kosten> (last accessed 29/5/24)

Yu, Derek (2020): Employment quality index for the South African labour market: Development Southern Africa: <https://doi.org/10.1080/0376835X.2019.1654853> (last accessed 19/7/24)

Further reading

Climate Neutrality Foundation (2024): Further development of KfW into a climate and transformation bank. https://www.climate-development-advice.de/userfiles/files/Publikationen/en_CNF_2024_Study_KfW_transformation_bank.pdf (last accessed 19/7/24)

Climate Neutrality Foundation (2024): International climate and transformation partnerships. Strengthen international cooperation, promote large-volume investments, establish new forms of partnerships. https://www.stiftung-klima.de/app/uploads/2024/05/CNF_2024_Study_transformation_partnerships.pdf (last accessed 19/7/24)

DIW Berlin (2023): The Just Energy Transition Partnership in South Africa: Identification and Assessment of Key Factors Driving International Cooperation. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4697955 (last accessed 19/7/24)

Germanwatch (2023): Shifting Finance in South Africa to Support a Just Energy Transition. https://www.germanwatch.org/sites/default/files/germanwatch_shifting_finance_in_south_africa_to_support_a_just_energy_transition_2023_1.pdf (last accessed: 19/7/24)

Heinrich Böll Stiftung (2023): Pour une transition énergétique équitable: Le partenariat JETP au Sénégal : <https://sn.boell.org/fr/2023/08/14/pour-une-transition-energetique-equitable-le-partenariat-jetp-p-au-senegal#:~:text=Le%205%C3%A9n%20C3%A9gal%20franchit%20une%20%C3%A9tape%20d%20%C3%A9cutive%20dans%20sa,une%20croissance%20%C3%A9conomique%20durable%20tout%20en%20pr%C3%A9servant%20l%27environnement> (last accessed: 19/7/24)

LIST OF ACRONYMS

BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
CBAM	Carbon Border Adjustment Mechanism
CSO	Civil Society Organizations
CIPP (Indonesia)	Comprehensive Investment and Implementation Plan
COP	Conference of the Parties
FES	Friedrich-Ebert-Stiftung
IEA	International Energy Agency
IHLEG	Independent High-Level Expert Group on Climate Finance
ILO	International Labor Organization
IPG	International Partners Group
ITUC	International Trade Union Federation
JETP	Just Energy Transition Partnership
KfW (Germany)	Kreditanstalt für Wiederaufbau
LDC	Least Developed Country
MDB	Multilateral Development Bank
NDC	Nationally Determined Contribution
NGO	Non-Governmental Organization
OECD	Organization for Economic and Cultural Development
PCC (South Africa)	Presidential Climate Commission
RMP (Vietnam)	Resource Mobilization Plan
SDGs	Sustainable Development Goals
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
V20	Group of Finance Ministers of the Members of the Climate Vulnerable Forum

ABOUT THE AUTHORS

Yvonne Blos is advisor for international climate and energy policy at Friedrich-Ebert-Stiftung. Previously she headed the foundation's climate and energy project in Asia based in Vietnam.

Thomas Hirsch is the founder of Climate and Development Advice, a think tank working on the intersection of climate and development policy.

GLOBAL AND EUROPEAN POLICIES

The section »Global and European Policies« offers, in Germany, Brussels and the UN locations Geneva and New York, consultations to political decision makers, unions and civil society organizations addressing important topics of discussion on European and international policies. We identify opportunity for transformation, formulate concrete alternatives and support our partners in forming alliances towards implementation of alternatives. We think together in national, European and international policy terms. We are committed to the Agenda 2030 for Sustainable Development and are oriented on comprehensive social and ecological transformation.

Responsible coordinator for International Climate Policy
Yvonne Blos, Yvonne.blos@fes.de

IMPRINT

Published by:

Friedrich-Ebert-Stiftung e.V.
Godesberger Allee 149 | 53175 Bonn | Germany

Email: info@fes.de

Issuing Department:

Division for International Cooperation | Global and European Policy Department

Responsible: Konstantin Bärwaldt | Head of Department
Global and European Policy
Konstantin.baerwaldt@fes.de

Contact / Order:

Christiane.Heun@fes.de

Design: Ludger Stallmeister

Editing: Dr. Ciaran Cronin

The views expressed in this publication are not necessarily those of the Friedrich-Ebert-Stiftung. Commercial use of media published by the Friedrich-Ebert-Stiftung (FES) is not permitted without the written consent of the FES. Publications by the Friedrich-Ebert-Stiftung may not be used for electioneering purposes.

ISBN: 978-3-98628-569-2

© 2024

