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CIRCULAR 32 / 2022

FROM : CHIEF EXECUTIVE OFFICER

TO : MUNICIPAL MANAGERS / EXECUTIVE DIRECTORS / DIRECTORS / CHIEF FINANCIAL OFFICERS

DATE : 29 AUGUST 2022

MEMO TO MUNICIPALITIES TO PARTICIPATE IN THE PRESIDENTIAL CLIMATE COMMISSION'S JUST ENERGY TRANSITION PARTNERSHIP ENGAGEMENT WITH LOCAL GOVERNMENT ON THE CLIMATE FINANCING PACKAGE

1. OBJECTIVE OF THE CIRCULAR

The purpose of this circular is to apprise Municipal Managers / Executive Directors / Directors / Chief Financial Officers on the Presidential Climate Finance for Just Energy Transition and invite them to an engagement on the structuring of the finance package of financial support for South Africa's Just Transition to a low carbon economy for announcement at the United Framework Convention Conference of Parties (COP) 27 in early November 2022.

2. BACKGROUND

South Africa is part of the world that is severely impacted by climate variability. Furthermore, different parts of the country experience severe droughts, floods, excessive heat and other extreme weather patterns. It is evident that the frequency and intensity of such extreme weather events are increasing because of climate change. These extreme weather pattern events have already caused massive damage to the infrastructure, ecosystems, lives, and livelihoods, and displaced thousands of people especially poorer communities such as the unemployed, those living in informal settlements that are most vulnerable to climate change.



The Presidential Climate Commission (PCC) was established in 2020 to engage with stakeholders to develop a framework for a transition that takes into account the principles of justice and equity. The PCC is a multi-stakeholder body established by the President of the Republic of South Africa to advise on the country's climate change response and support a just transition to a low-carbon climate-resilient economy and society.

Just Energy Transition (JET) refers to a transformation from fossil fuel to a low carbon, climate resilient economy and society in a manner that result in an increase in sustainable jobs. The transition of South Africa's energy sector as the country navigates the shift away from coal towards cleaner sources of energy, if well-managed "JET" can be a strong driver for new jobs, better jobs; social justice; and poverty eradication. JET provides a structure to monitor the socio-economic impacts of the transition and to support the decarbonization of the mining and energy sectors in a socially acceptable manner while contributing to the economic development of the country.

3. DISCUSSION

A transition can only be considered just if it takes into account the local circumstances of those most impacted. Given the vast differences between the local economies in the country and the national economy, interventions that promote justice at a national level without taking the local context into consideration may in fact introduce or entrench inequalities at a local government or community level. Local government sphere is the closest to the workers, youth, communities and businesses which will be directly affected both by the transition and climate change.

To achieve JET, South Africa will require significant capital mobilisation from both public and private sources, both domestically and internationally. At an international level, capital can be mobilised through the provisions of the Paris Agreement, among others, where developed countries are required to provide support to developing countries in reaching their climate goals. The US\$ 8.5 billion JET partnership between South Africa and the European Union, France, Germany, the United Kingdom, and the United States in November 2021 is illustrative of the type of climate financing package in support of a just transition. This Partnership aims to accelerate the decarbonisation of South Africa's economy, with a focus on the electricity system. The partnership will address key issues such as re-skilling, upskilling and stimulate economic activities. The key areas that the partnership will be targeting is funding the renewable energy project, electric vehicles and green hydrogen.



SALGA participates in the PCC JET platform where the partnership and climate financing packages are being discussed. SALGA wishes to formulate the local government position in the utilization of the climate financing packages for the local government. Thus, municipalities are required to express their views on how the JET will affect them, the local communities, local economic development, and what projects they would like the climate financing package to fund.

Consequently, SALGA will be hosting a workshop on 08 September where municipalities are invited to participate and share their inputs in the JET related projects that would need be funded from this climate financing package. The workshop will be held as follows:

Date: 08 September 2022

Time: 09h00 to 12h00

Recommended participants from municipalities: Heads of Electricity and Heads of Environment and Climate Change and relevant finance support officials

Venue: Virtual (check Zoom link below)

[Click here to join the meeting](#)

Should you have any queries or need more information please do not hesitate to contact Ms. Dorah

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Yours faithfully,



LANCE JOEL
CHIEF EXECUTIVE OFFICER (ACTING)

