33 Meaningful community participation in Just Energy Transition Partnerships

Tracy Ledger, Public Affairs Research Institute

Marlistya Citraningrum, Institute for Essential Services Reform

Just energy transition partnerships (JETPs) are significant opportunities to accelerate green transitions in low- and middle-income countries and do so in ways that reduce poverty and inequality. This chapter highlights opportunities to leverage JETP investments for poverty and inequality reduction, through deliberate community participation in the design and implementation phases providing a civil society and local community perspective. It shares lessons on co-production and funding mechanisms for all stakeholders involved in the current and next generation of JETPs – particularly international partners who can help improve impact on emissions reduction and contribution to social goals by promoting more inclusive processes and flexible funding.

Key messages

- Civil society experience with two of the first just energy transition partnerships, in Indonesia and South Africa, finds that there is scope to better decentralise processes to more efficiently target interventions and the necessary broad-based support to implement just transitions.
- The International Partners Group can encourage co-production during the design of strategies and implementation plans and ensure increased allocation for community priorities.
- The next generation of JETPs would benefit from a more collaborative approach that prioritises in-depth community participation from the very beginning of the policy design process.

Introduction

JETPs are multilateral co-operation frameworks designed to accelerate the energy transition in Global South countries in ways and for results that are fair and equitable. Indonesia, South Africa and Viet Nam have signed JETPs; India and Senegal are also expected to sign one (Pineau and Irish, 2023[1]), though India's proposed JETP has met with domestic opposition (Sen and Kala, 2022[2]). As a key international framework bringing together country governments and international partners, JETPs are significant opportunities to shape green transitions in ways that reduce poverty and inequalities. However, in the two years since the first partnership was launched, the anticipated boost in financing from the JETP mechanism for green transitions remains elusive.

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Experience from South Africa and Indonesia, the first two JETP countries, offers some insights on how to enhance meaningful community engagement and respond to community priorities. This chapter, drawing on analysis by civil society, points to potential risks to be managed in relation to the promise of inclusion and actions that can be taken in all JETPs to improve processes and outcomes.

Though announced with great fanfare, multi-billion dollar pledges and ambitious targets, the first JETPs have yet to mobilise significant public and private financing

JETPs are underpinned by a range of financing mechanisms. South Africa and the International Partners Group[1] (IPG) signed the first JETP at the 2021 United Nations Climate Conference (COP26). The IPG initially committed USD 8.5 billion, which it subsequently increased to USD 9.3 billion. The overarching goal of the JETP with South Africa is to support the country in accelerating its move towards renewable energy by ensuring funding for programmes that address employment and local economic activity losses from the shift away from coal. The financing is meant to support South Africa's own investment plan for a just energy transition that, in the words of South Africa's Presidential Climate Commission (2022[3]), will "benefit all South Africans by driving economic growth, creating jobs, and increasing our energy security". Approximately USD 600 million has been allocated to projects. Civil society and media reports have, however, criticised the transparency of project selection (Fraser, 2024[4]).

Indonesia's JETP with the IPG was announced in November 2022 at the Group of Twenty (G20) Summit in Bali. This partnership began with considerable momentum and multi-billion US dollar pledges for energy transition financing. The Indonesia JETP sets out two main goals: first, peaking power sector emissions by 2030 with an absolute emissions cap of 290 million-ton CO_2 equivalent and achieving net zero by 2050; second, accelerating the use of renewable energy so that it comprises at least 34% of the power generation by 2030. The signatories pledged to work to mobilise USD 20 billion through the partnership over the next three to five years in the form of grants, concessional loans, commercial loans, guarantees and private investment. It was anticipated that approximately half the total capital would be mobilised from private finance under the co-ordination of the Glasgow Financial Alliance for Net Zero.

Early JETPs: learning from missed opportunities to solicit broad community and stakeholder input on the country-specific priorities

Green energy transitions carry a range of socio-economic risks for workers in coal-fired plants and coal mines and for the wider value chains and communities that are dependent on these activities. A just transition is one that builds social consensus around the nature and pace of the transition and includes plans to support or compensate those who might lose livelihoods in the process.

JETP agreements do not specify how the mobilised financing is to be spent in each country. Rather, the principle is that each country determines its own just transition pathway based on local context and priorities and then presents its plan to the international partner group. The underlying assumption is that this plan will be developed based on extensive consultation with a wide range of stakeholders including workers, the business sector and broader civil society. The crucial first step is to co-produce a clear vision of where the country should transition to and how it plans to get there. To date, these vision statements have prominently featured in the JETP language calling for a coal phase-out.[2] Without inclusive consultation, however, it is almost impossible to create the necessary broad-based buy-in to implement a plan. As the Indonesian and South African experiences suggest, building national consensus at the initial stage is fundamental to avoid subsequent opposition to transition.

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Local communities often have the best ideas of how to address poverty and inequality. Allowing them to define and direct the local development path greatly increases the likelihood that the green transition will actually deliver on its promises of reducing poverty and inequality. The challenge, of course, is that co-production is a much lengthier process of policy making than the orthodox approach. However, the cost of delay in finalising policies and plans must be weighed against the very real possibility that a failure to embrace co-production can create significant broad-based opposition to an energy transition (Lenferna, 2023[5]).

It would be helpful to build public support and understanding of just energy transitions if an obligation for genuine co-production is integrated into all JETP-funded programmes. Fostering genuine co-production means more than simply increasing the number of meetings on energy transitions, engaging more people, and disseminating information in various formats and languages. Co-production is not merely a more expansive form of participation; rather, it is an entirely different approach to policy design (McGuinness and Slaughter, 2019[6]).

Timely consultation and transparency are key to ensure stakeholder engagement and support

Timely and meaningful consultation of local communities is a stated priority but challenging in practice. Several stakeholder consultations were held during the drafting process and South Africa's just transition framework promised procedural[3] and distributive justice.[4] At the same time, both the JETP and the associated investment plan were developed to final document stage and approved by the national cabinet before they were publicly available. The guiding document for Indonesia's JETP - the Comprehensive Investment and Policy Plan (CIPP), was released in November 2023 and presented priority projects to be financed based on five investment focus areas[5] as well as the just transition guiding framework as well as identified and committed funding from the IPG and private financiers. Indonesia's JETP mandates inclusive political dialogue with non-governmental organisations and other actors, and the CIPP contains a detailed concept of what constitutes a just transition and calls for extensive participation from relevant stakeholders and the public (Just Energy Transition Partnership Indonesia, 2023[7]).

Media and civil society in both countries contended that local chambers of commerce, municipalities, labour groups and civil society did not have sufficient opportunities to participate in developing the policies and plans and that consultation with local communities in the later stages of the planning process limited scope to influence the plan.[6] For example, a local official in the coal-mining Mpumalanga Province was quoted as saying that the government had yet to explain or discuss its just energy transition: "We hope that this programme doesn't negatively affect the unemployment rate that is already here because, if that's the case, our people are going to be against the transition" (Molelekwa, 2023[8]). Other media reported that trade unions complained of no "credible plans for creating jobs", some analysts said the JETP financing is skewed towards capital equipment (Rahim, 2023[9]) or that the drafting process lacked transparency and had limited stakeholder input, including on how financing was to be disbursed (Pradipta Pandu, 2023[10]) (Waluyo, 2023[11]).

Aligning ambitious timelines with sufficient time for consultation is challenging. For example, the JETP for Indonesia planned to have a secretariat and a comprehensive investment plan delivered within six months although the first draft of the CIPP was released for limited stakeholder consultation by August 2023 and disseminated with a two-week window for public comment in early November – a year after the JETP was signed. The JETP Secretariat has since reported that it conducted more than 200 in-depth dialogues or focus group discussions with various stakeholders in 2023 (Just Energy Transition Partnership Indonesia, 2024[12]).

Responding to local community priorities such as access to affordable energy and water. The Indonesia roadmap is focused on on-grid systems and prioritises projects ready to finance (i.e. the capital deployment approach). Most of the designated top priority projects[7] are large-scale centralised renewable energy projects by public utilities[8] and private companies. It does not include small-scale projects at the community level, such as off-grid installations that are often not commercially viable, achieving universal affordable electricity access including through decentralised renewable energy[9], which would particularly benefit poorer and more remote communities – though these are often priority projects for communities that hope to hasten their access to energy rather than wait for years, or decades, for the public utility to reach them.

Universal access to genuinely affordable, sufficient[10] electricity – which means zero tariff for the 30% of the South African population who live in extreme poverty – could be the most significant pro-poor strategy that a green transition might facilitate. The high cost of electricity, for instance, has long been considered a priority issue for households and small enterprises and a key driver of poverty, household malnutrition and inequality as it erodes disposable income and prevents households from engaging in productive economic activity or expanding existing activity (Ledger and Rampedi, 2022[13]). South Africa already has a free basic electricity policy, but it covers only 50 kilowatts per household per month and is not well implemented (Ledger, 2021[14]). Increasing the allowance to a level that would support socio-economic development (e.g. 350 kilowatts per month) would cost the state an estimated additional ZAF 70 billion

(South African rand), equivalent to USD 3.6 billion, per year, but offers significant development benefits (Ledger and Rampedi, 2022[13]). For instance, making it less likely that poor households have to divert money for food to pay for electricity, thereby directly improving household nutrition, households with access to affordable electricity are more likely to start their own small enterprises, and the more affordable electricity is, the more likely they are to expand existing enterprises (Ledger and Rampedi, 2022[13]). While researchers and local communities had identified the potential of these and other important issues to develop and benefit poorer communities, they are not included among the priority focus areas for South Africa's just energy transition projects (Ledger and Rampedi, 2022[13]).

Another priority issue for local communities in South Africa is the reallocation of water rights currently used by coal-fired power stations. Eskom, the state-owned power company, used approximately 380 million cubic metres of fresh water in 2020, a significant amount given the general water scarcity in the Province of Mpumalanga where the majority of coal-fired plants are located. Redirecting water to support broad-based socio-economic development in areas impacted by coal closures could potentially be a driver of significant pro-poor development.

Community co-production is not just important for social justice. Rather, it is an effective approach to policy development that fosters better problem definition and creates much-needed broad-based support for contested policies. Better inclusion and co-production of detailed plans for transitions reinforces social legitimacy the lack of which is a significant barrier to successful JETP implementation. The perception of limited genuine co-production in developing investment plans can also feed into narratives that the energy transition is something that has been imposed on the country (Creamer, 2023[15]; Jacobs, 2023[16]).

By supporting genuine co-production and more flexible funding priorities, the IPG and other stakeholders can enhance just energy transition partnerships.

Commitments to genuine co-production has implications for development co-operation. The donor community has committed to the principle that just energy transitions must be developed to reflect and consider each country's specific socio-economic and political context. In practice, donors must also be prepared to accept that a country's funding priorities might be different than their own. In the specific context of Indonesia, for example, prioritising funding for community-based projects may not align with the international community's desire to fund big projects that will rapidly reduce emissions. But a failure to embrace (and fund) country priorities – as articulated by a wide range of community stakeholders rather than a small group of technical experts or policy makers – will erode political support for exactly the outcomes that JETPs are trying to encourage.

International partners in JETPs should consider the relative weight of different instruments, particularly grants, in the total financing package. Some have argued that loans should not be the biggest part of the funding mechanism of JETPs, as achieving successful and impactful energy transitions is a shared responsibility of Global North countries assisting the Global South.

Both Indonesia's and South Africa's experience with JETPs highlights the importance of more grant funding in the mix as grant funding is essential to support community-led and pro-poor interventions that are unlikely to attract private sector investment. The Indonesian CIPP, noting that "many just transition initiatives have limited private returns but very high potential social returns", also calls grants "the most appropriate form of funding support for the just transition" (Just Energy Transition Partnership Indonesia, 2023[7]). Currently, Indonesia's CIPP allocates only USD 153.8 million for grants out of a committed total of USD 20 billion[11], which is not sufficient to allow less bankable, small-scale, community-based renewable energy projects to flourish. Unless decentralisation is mandated as an integral part of the JETP and the just transition framework,[12] transition decisions will be taken from the national-level viewpoint and deprived of local context and diverse perspectives. Thus, addressing inequality in energy access and development across Indonesia will remain a challenge.

The JETP mechanism is based on supporting nationally developed plans. While respecting country ownership the IPG should keep in mind that if the plans are not based on co-production and if they do not reflect local priorities and local conceptualisations of what a just transition looks like, they may, in fact, hinder rather than support rapid progress. International partners thus need to emphasise the importance of co-production approaches for each individual country. The donor community can also contribute to knowledge exchange that highlights successful examples of collaborative problem solving such as public sector innovation labs (Monteiro and Kumpf, 2023[17]) as well as examples of how renewables can facilitate increased free electricity allocations to poor households (Government of Western Australia, 2023[18]).

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Notes

[1] The founding members of the IPG are the European Union, France, Germany, the United Kingdom and the United States. Denmark and the Netherlands joined in 2023.

[2] A coal phase-out would be in place of adaptation or an equitable energy system. Indonesia's JETP was preceded by a presidential decree mandating the early retirement of coal power plants.

[3] Procedural justice is delivered when communities are fully involved in the design of policies and programmes.

[4] Distributive justice is delivered when the benefits (and losses) from the green transition are distributed in such a way that poverty and inequality are reduced.

[5] The five investment focus areas are transmission lines and grid deployment; early coal-fired power plant retirement and managed phase-out; dispatchable renewable energy acceleration; variable renewable energy acceleration; and renewable energy supply chain enhancement.

[6] These consultations usually involve the presentation of the plans to community groups and other stakeholders followed by a question-and-answer session. To date, this approach has led to very few changes to established plans.

[7] Selection and prioritisation criteria are explained in Chapter 5 of the CIPP document and focus on impact to decarbonisation pathways and optimal use of funds. See: https://jetp-id.org/cipp.

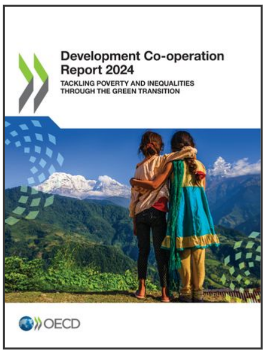
[8] These include projects of PLN, Indonesia's sole state utility company.

[9] The CIPP does include a relevant top priority project in this area but it is not related to new development of decentralised renewable energy. The project is part of the wider de dieselisation programme that is focused on replacing diesel generators of the State Electricity Company (PLN) with a hybrid of renewable energy sources and energy storage, with the assets and operation remaining under PLN's purview.

[10] Sufficient electricity is enough electricity to support a minimum standard of living and to engage in economic activity.

[11] The public finance share covers grants, concessional loans, multilateral development bank guarantees, non-concessional loans and equity investment.

[12] Indonesia's JETP Secretariat is planning to draft a just transition implementation plan in 2024.



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