

ANNEX: IPG Spending Progress Update November 2024

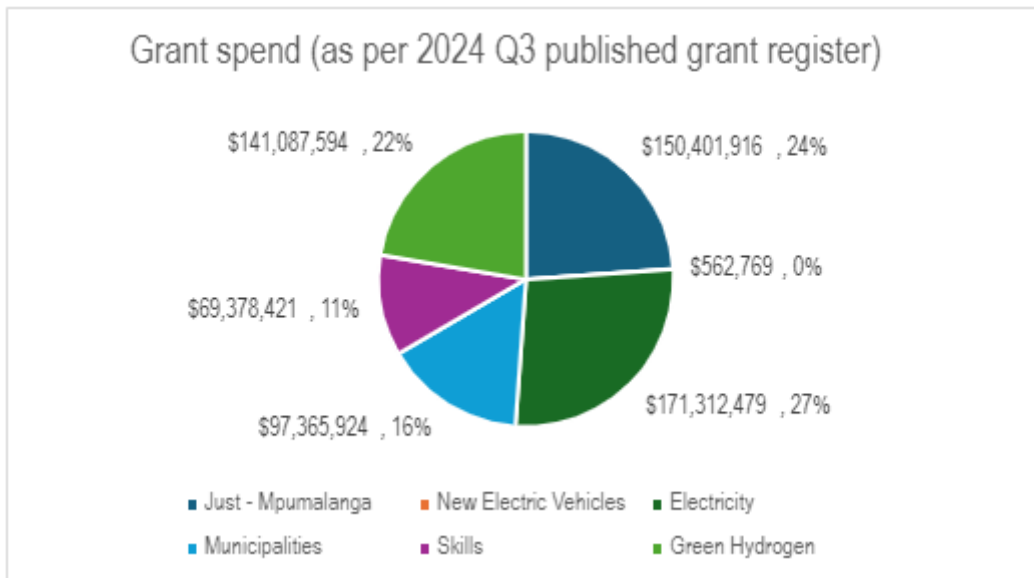
Approximately \$2bn of the overall \$9.3bn IPG pledge has been spent to date.

The majority of the remaining unspent funds is in the form of sovereign loans (alongside \$1.6bn of bilateral DFI commercial debt and equity) that are dependent on a pipeline of investable projects.

Following the policy-based loans disbursed by Germany and France in 2023 and France’s “Just” Policy loan signed in November 2024 (see below), Germany is preparing its third policy-based loan, aiming to provide an enabling environment for the extension of grid infrastructure and establishment of an electricity market to support the expansion of renewable energy generation.

Much of the grant finance pledged by the IPG and other partners under the JET Implementation Plan is now scoped and programmed.

A breakdown of the grant funding spend is outlined below.



Below we look at each of the categories outlined in the [South Africa Just Energy Transition Investment Plan](#) (as amended by the [Implementation Plan](#) – which added Road to Rail and Energy Efficiency):-

Electricity

Whilst recognising the importance of all areas of the Investment Plan, a key focus remains accelerating the decarbonisation of South Africa’s electricity system given the enabling effect this has in all other areas.

The IPG continues to support renewable generation and storage.

In September 2024 the European Union announced \$324 million in loans through the [European Investment Bank](#) (EIB) for renewable energy generation (solar and wind)

and energy efficiency projects. This loan enabled matching financing from the [Development Bank of Southern Africa](#) (\$216 million) and the [FirstRand Bank](#) (\$108 million).

[GuarantCo](#) (part of the [Private Infrastructure Development Group](#) (PIDG) which makes up an element of the United Kingdom pledge) and the United States Development finance Institute - [Development Finance Corporation \(DFC\)](#) are jointly supporting [Africa Greenco](#), a trading company which buys renewable power from independent power producers and sells it to companies in Southern Africa who are keen to decarbonise. Africa Greenco is receiving a guarantee from GuarantCo, (of which \$17m is expected to be allocated to South African transactions) and a commitment from DFC for a \$40 million loan facility. This will enhance Africa GreenCo's creditworthiness and support its payment obligations to private independent power producers (giving them the confidence to invest in their power plants and supply the power).

[Gridworks](#), a 100% subsidiary of [British International Investments](#) (BII), has provided a South African company, [Sustainable Power Solutions](#) with an equity investment of \$28m to enable expansion of its solar and storage portfolio for commercial and industrial users. This includes projects in Western Cape and Limpopo.

[Globeleg](#), a 70% subsidiary of BII and 30% [Norfund](#) (Norway's Development Finance Institution), is investing equity in the largest battery storage solution in South Africa. This Red Sands 153 MW facility in the Northern Cape will provide storage from 2027 to help Eskom balance supply from renewable sources.

BII have provided a mezzanine facility of up to ZAR 125m to [H1 Holding](#), a South African Broad Based Black Empowerment Company, for 3 wind farms to supply power to the grid.

DFC has provided an equity investment to the African Infrastructure Investment Fund 4, which will in turn invest in the new renewable energy platform [Net Zero Africa Group Holdings](#). They provide net zero oriented renewable energy solutions to customers in the commercial and industrial sectors in South Africa.

DFC has also made an equity investment in Adenia Capital V, which in turn has made an equity investment as the majority shareholder in [Enfin](#), a solar financing solutions provider serving commercial and industrial clients across South Africa.

Technical support continues. For example, the Danish government is publishing a map of South Africa wind resources, with a particular focus on the coal mining region, Mpumalanga, which has better grid access but also needs alternative jobs. It has also analysed the existing South African energy procurement regime to determine how it could be accelerated and improved. Germany has supported the drafting of and consultation on the Energy market code and the roll out of the reformed power sector.

France is supporting the development of a holistic cost-benefit analysis study on the repurposing of coal power plants.

The United States is supporting the Government owned entity, [NTCSA](#), spun out from Eskom, with its operationalisation and corporate plans. The United Kingdom is financing University of Cape Town's (UCT) energy market and emissions modelling for South Africa, including making the input data and models (UCT and other models) publicly available to enable better long-term planning.

Green hydrogen

The Netherlands has undertaken a study on alternative and sustainable water sources for green hydrogen production, given the need to avoid using scarce freshwater resources. This has identified 5 possible projects where alternative water sources could be used for the green hydrogen economy and for providing communities with access to clean water. The Netherlands has also conducted a study to identify green hydrogen skills development opportunities, identifying several concrete projects on skills development for the green hydrogen economy.

Germany is providing technical assistance to improve the green hydrogen regulatory environment (codes, standards, certification), enhance technical skills, support research and innovation.

The European Union is providing \$34.6million of grants to support green hydrogen projects, aiming to leverage substantial additional funding and investment across the value chain. It is also supporting [Transnet](#) (the port company) with feasibility studies, impact assessments and pilot projects on the production and storage of green hydrogen; and providing technical assistance to structure Transnet's green hydrogen strategy.

New energy vehicles (NEVs)

Denmark is supporting the NTCSA transmission team on grid readiness for electric vehicle charging. The United Kingdom organised a visit by some South African cities and the SA vehicle association to the United Kingdom. This included attending an electric vehicles conference, visiting a university working on NEV technologies and exchanging information with local governments on EV buses and transport planning.

Municipalities

Germany, the United Kingdom and the United States have implemented programs to support municipalities with energy planning and procurement and revenue modelling. This includes opportunities for additional revenue from wheeling but also the ability to procure energy directly. Support includes ensuring that municipalities have cost of supply studies to enable cost-reflective tariffs. Germany has helped 115 municipalities submit cost of supply studies (about 80% of cost of supply studies submitted nationwide).

Germany is currently preparing a concessional loan of \$162m to the City of Cape Town, which will allow the metro to improve its electricity infrastructure, including the distribution grid.

The United Kingdom is working closely with municipalities to develop water (in Mpumalanga) and energy infrastructure projects for [African Development Bank](#) lending using the United Kingdom's £1.3bn guarantee facilities. These projects are focussed on the distribution infrastructure and would help address some of the financial challenges of the municipalities, and in turn Eskom, by reducing non-payment and losses, while also improving services in the municipality.

France is providing technical assistance to a municipality to develop a local economy diversification to make it less dependent on the coal industry, as well as the examination of the localisation potential and enterprise development opportunities of both the solar PV and battery storage value chain.

The European Union launched a \$16.2 million grant project to green municipal services in four municipalities located along the North-South corridor (provinces of Kwazulu-Natal, Mpumalanga, Gauteng and Limpopo). The grants will support small scale infrastructure works in water, energy and other essential infrastructure, as well as provide capacity building and technical assistance.

Just

Of the allocated \$630m grant funding, circa \$150 million is focussed on Just projects.

Providing alternative jobs in the Mpumalanga province is key. Examples include the partnership between Eskom and the Netherlands to create jobs in agriculture near the Grootvlei power plant and the United Kingdom support to citrus and nut farming and broader Small and Medium sized Enterprises (SMEs) in Mpumalanga (creating a pipeline of over 200 investable SMEs). Germany and the United States are also both providing technical and grant support to SMEs and jobs in Mpumalanga. The European Union is working on a blended operation in partnership with the [Agence Française de Développement](#) (AFD) and the [Industrial Development Corporation of South Africa Ltd](#) (IDC) – with \$34m of European Union grant to leverage credit lines and risk sharing facilities. This is to support SMEs in the green economy value chains/low carbon production processes in the South Africa provinces of the Lubumbashi Durban corridor, namely Mpumalanga, Gauteng, Limpopo and Kwazulu Natal.

France has signed a Euro400million policy loan to the National Treasury to support the just dimension of the energy transition, with an emphasis on social support deliverables and a monitoring framework for the results. France has also supported social entrepreneurship and the promotion of a just energy transition in highly vulnerable communities living near coal power plants.

Denmark and France have provided 300 poor households in settlements in coal mine areas in Mpumalanga with energy access via solar energy systems.

BII has invested \$10.5m in a macadamia farm in Mpumalanga. UK technical support is also working with farms on community land which otherwise struggle to gain capital and technical experience to expand and create new jobs in this coal dominated province.

Skills

The IPG is providing support for skills development. The European Union has provided \$21.6million for career path development and employment, particularly within the value chains of green hydrogen and NEVs. The contribution will also target curriculum development for institutions like Eskom's Academy of Training in support of the Just Energy Transition.

The United States has provided a \$1.4 million grant to support the National Business Initiative's [Just Energy Transition Skilling for Employment Program](#).

Through Germany's assistance, 171 vocational schoolteachers (66 of them women) have been trained in renewable energy technologies, energy efficiency and company training, and 669 SMEs and start-ups have been supported in nine programmes to support competitiveness and job creation in green sectors.

Additionally, Germany is providing support for future skills through the promotion of artisanal and technical skills. The second phase of its Skills and Development Programme will establish 'Installation, Repair, Maintenance' hubs to provide business acceleration support, enabling access to markets and new supply chains as well as training services for targeted local SMEs, thus unlocking the potential for business growth and employment generation. The second phase will focus on the coal region of Mpumalanga and on Saldanha Bay as an emerging centre for green hydrogen.

Road to Rail

Transport for London is collaborating with a series of South African municipalities on plans to improve passenger rail services.

[Infracore](#), part of the PIDG which is part of the United Kingdom's pledge, has financed a 3 year project with Transnet and Africa Greenco to assess the technical and financial viability of green hydrogen trains as a route for decarbonising transport of key export goods.

The European Union reached a written agreement with Transnet to sign a sovereign loan worth \$378 million. The signature is expected in the next few months. The loan will finance, small and medium sized rehabilitation projects restoring capacity (and line speed enhancements on the railway lines) to develop integrated, efficient, resilient, and sustainable rail transport, reducing emissions, securing jobs and supporting the economy.

Energy Efficiency

The United Kingdom is supporting secondary universities in South Africa with advice on how to decarbonise via renewables but also via energy efficiency measures. Germany is supporting municipalities in introducing energy efficiency measures and energy management systems. Over ZAR 3.5 million in annual energy cost savings have been realised by participating municipalities.

The United States is partnering with the Ministry of Electricity and Energy and the [South Africa National Energy Development Institute](#) (SANEDI) on a project to enhance demand side management and promote energy savings. Specifically, the

project is working on a water heating pilot; supporting a revision and technical assessment of the National Energy Efficiency Strategy; and developing an overarching national demand side management roadmap.

More information

This is not exhaustive. More details of grant projects can be found in the [JET Grant Register](#) which is online here. An investment register will be published in due course.

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