



Martens Impact Advisory

THE JUST TRANSITION: INSIGHTS INTO THE FINANCE ROADMAP

Financial Stakeholder Communication, Awareness and Outreach

Prepared for TIPS by Nicole Martens

November 2021

INTRODUCTION

- **Communication, Awareness and Outreach (CAO)** workstream
- Mechanism for **stress-testing** a range of TIPS' findings from **theoretical** research and analysis against **real-world** conditions
- **Focused engagement of stakeholders**
- **First-hand accounts** of experiences of these stakeholders in relation to Just Transition finance in South Africa
- Identification of **practical recommendations for systemic change** that could unlock, catalyse and/or accelerate Just Transition finance
- This presentation outlines **key findings and recommendations**



#1: WHAT IS THE JUST TRANSITION?

“We would love to contribute more to the Just Transition. If only someone could tell us what that means.”

RECOMMENDATION:

Refining the definition of the Just Transition for the local market, coupled with public support for this definition by policymakers.



#2: WHAT IS SOUTH AFRICA'S POSITION ON THE JUST TRANSITION?

“No one knows for sure where we are on this as a country, and that negatively impacts risk assessment.”

RECOMMENDATION:

Policymakers should make clear the national ambition and strategy.
Establishment of a special entity focused exclusively on financing the country's transition.

#3: THE 'PROBLEM' OF PIPELINE

“There has been so much talk about these projects, but there has been nothing tangible stemming from these talks – nothing that we can engage with as investors.”

RECOMMENDATION:

Increased investment in improving capacity and competence amongst policymakers, investors and project developers.
Development of specialised vehicles for project incubation and aggregation.
Working with existing project portfolios to effect change.

#4: USING THE RIGHT TOOLS FOR THE JOB

“There is a mental leap that needs to take place between our intention and the reality of how things work.”

RECOMMENDATION:

Reformation of financial institution and financial sector incentive structures, reporting, benchmarks and project valuation frameworks.
Improved flexibility of public sector financing frameworks.



#5: REPUTATIONAL RISK

“Of course, we’re involved in these kinds of investments, but we would never call them that.”

RECOMMENDATION:

Improved social safety net provision by public sector bodies.
Public confirmation of roles and responsibilities of public versus private sector stakeholder groups.
Increased use of appropriately designed blended finance vehicles, to allow for government involvement to act as a risk mitigant.



#6: CAN WE WORK TOGETHER?

“Sure, collaboration is important, but it takes forever.”

RECOMMENDATION:

Constructive, solutions-focused collaboration between stakeholders both across the private and public sector as well as within each sector.



IMPLICATIONS FOR COMMUNICATION, AWARENESS & OUTREACH

COMMUNICATION:

- **Increased** and more **effective** communication
- **Policymakers:** national ambition should be clear and consistent, based on science and accompanied by concrete targets; conceptual definitions and investor expectations should be refined, publicly endorsed and regularly reiterated; communication to international stakeholders should be especially clear and credible.
- **Investors:** house views on and strategies regarding transition finance should be made clear to key stakeholders; constraints should be raised with relevant regulatory authorities and/or industry associations.

Awareness

- Raise awareness (and increase **competence**) amongst South African financial institutions regarding Just Transition Finance and the opportunities it presents for local investors.
- ‘Get everyone onto the same page’ in terms of the **realities** involved in financing South Africa’s Just Transition ambitions – a critical first step in accelerating the transition.

Outreach

- Active outreach aimed at raising awareness and distributing **clear, consistent communication on key issues** related to South Africa’s Just Transition.



CONCLUSION

“There is no reason why we cannot get going right now.”



CONTACT

Please direct any questions or comments regarding this presentation to

Nicole Martens

nicole@martensadvisory.com

+27 (0) 79 890 9198

www.martensadvisory.com



Martens Impact Advisory