



SCALING COMMUNITY JT PROJECTS

TOWARDS A JUST TRANSITION



D1.

Background & Approach

Background

- In the context of South Africa, a country that has been in a formal process of transition and transformation since the late 1980s/ early 1990s, **the Just Transition provides an added, environmental dimension to an existing set of processes and objectives.**
- In this sense, **the Just Transition links South Africa to a global process that reinforces its own journey.** From a South African vantage point then, the Just Transition is simultaneously about Climate Change as well as poverty, unemployment and inequality, the overarching categories for a host of social and economic challenges that are rooted in the country's protracted history of exclusion and oppression.
- The inclusion of the environment, **primarily driven by the urgency of the Climate Change crisis**, is thus the inclusion of a modality to a pre-existing imperative. In other words, the Just Transition tells us how to go about doing what already needed to be done, as part of the country's core project, which has been defined through the lens and language of justice, redress and shared prosperity.
- Appreciating the **existence and continuity of transition as a national project brings to focus an understanding of the approaches that have historically defined how community projects are developed, funded, implemented.** This historical approach has yielded much failure.
- These failures, detailed in the first section, provide guidance on how not to approach Just Transition projects at the community level.
- The empirical research points to additional challenges as well as new avenues.

Empirical Research

Project Solution/ Sector	Type of Entity	Country	Type of Community	Community-Based/ Placed	Just Transition Impact
Microgrid Development	SA-domiciled, internationally funded Private, social enterprise	Tanzania	Rural	Community Placed	Clean Energy Access
Microgrid Development	International Non-profit organisation	Uganda	Peri-Urban	Community Placed	Clean Energy Access
Microgrid Development	Private, social enterprise	Zambia	Rural	Community Placed	Clean Energy Access
Indigenous Livelihoods	Farming/ SA Non-profit organisation	South Africa	Rural	Community Placed	Land Rehabilitation & Job Creation
Indigenous Education	Farming/ SA Non-profit organisation	South Africa	Peri-Urban	Community Based	Sustainable Livelihoods & Education
City Energy Efficiency	Government Department	South Africa	Urban	Community Placed	Energy Efficiency
Schools Rooftop Solar	SA Private, social enterprise	South Africa	Peri-Urban	Community Placed	Energy Efficiency

02.

Key Findings

Findings from the Projects

Potential For Scale Sits At The Regulatory Limit

- Just Transition projects, by their nature, introduce technologies and ways of generating value that are novel, to the extent that decarbonisation has not historically been central to the impetus of job creation. As a consequence, they often run into regulatory challenges, requiring changes to be made in order to enable project viability.
- Funding typically supports the operational aspects of project rollouts but the demand on developers to advance the more systemic changes required to enable scale is not incorporated into the funding package, placing added burden on project developers. Regulatory change is, therefore, often the product of the unpaid labour of developers who stretch and strain themselves to generate the public good that is an enabling regulatory environment.

Public-Private Partnership Is Essential

- In tandem with the imperative for regulatory change is the pervasive place of the State. Of the 7 projects evaluated for this study, only one stood well outside the realm of the government.
- These examples surface the importance of the state in Just Transition projects. The state creates the context, controls the rules and at times, key resources to enable projects. However, in the absence of consistency, commitment and predictability, it becomes difficult to construct a case for scale as that often requires all key variables to remain constant across locations.

Findings from the Projects

Past Politics Are In The Present

- Just Transition projects are not shielded from the broader political context. In fact, in some ways, they are more centrally located within those politics, because they represent a new and therefore more easily contestable source of value. In one example, a microgrid was developed for the community, at no cost to the households.
- Navigating politics, particularly politics that predate a project, is an arduous and time-consuming task. Similar to advocating for regulatory change, this is another form of unpaid labour that goes into proving the viability of projects and smoothing the terrain for more predictable implementations, going forward.

Things Take Time/ The Urgency of the Just Transition Presents A Dilemma

- A persisting challenge with developing community projects for scale, is time. In one case, it took 4 years to develop a microgrid project which only required 8 days to actually install. These long durations are driven by a variety of factors, from building relationships of trust to managing the complex logistics of remote communities. Indeed, overlaying the project-level dynamics are the macro forces such as regulatory change, changes in political incumbents, fiscal pressures and geopolitical dynamics.

Findings from the Projects

The 'Feminisation' Of Small Scale Projects

- In closing, we learn from actual project experience that a key limitation of small-scale projects exists in the aspects of the work that are unremunerated. Similar to how 'women's work' often goes unremunerated or under-remunerated, small-scale projects suffer an economic recognition problem that results in limited returns to effort. Much of the work of developing projects includes advocacy, protracted political negotiations, brokering new relationships and normalising new ways of generating value. This work exists outside the technical details of the artefacts and/ services that are generated through projects. By failing to properly remunerate this work, a context is created in which work is either done poorly or the parties involved are strained to the point of physical and emotional exhaustion. To address this, more robust funding mechanisms are required, defined by patience, endurance, transparency, and genuine proximity to the projects.

Findings from Funders

There Are Not Enough Friends, Families & Fools

- Funding for community Just Transition projects, which are more often than not, small-scale, emanates from an understanding that there exists a requirement for capital that is beyond personal means whilst not neatly calibrated to standard commercial funding, which, over time, has become biased to larger and larger projects. Consistently then, given the extent of unremunerated effort that goes into projects, developers of the kind interviewed in this study, find themselves without sufficient resources to fulfil all project requirements.
- Herein lies an unrealised role for local development financiers (DFIs). DFIs, by virtue of having access to cheaper money, are well-placed to fund smaller-scale projects, inclusive of capacity development support to assist organisations to become investment-ready.

Raising Funding Is A Good Problem To Have

- Indeed, whilst funding is often a headache for project developers, it was acknowledged that having to raise funding presented a positive constraint for projects. Understanding the requirements of funders and the simultaneous drive to become less and less dependent on them, was articulated as a positive force in projects. In one case, the pulling of grant funding motivated the project leaders to conduct an impact evaluation of their projects and on the basis of proven success, they were able to raise results-based financing through commercial channels.

Findings from Funders

Talk Impact, Walk Profit

- One of the interviewees raising capital for Just Transition projects indicated that despite the need to deploy these investments, South African capital remains unable to pivot away from known investment approaches, particularly in listed markets.
- There seems also to be a desire for 'impact narratives', the telling of compelling stories about socio-economic impact has now become popular, appealing to how capital can solve Environment, Society and Governance challenges. Yet, asked whether capital is in fact deployed on this basis, all interviewees claimed not.
- Instead, the dominant logic is still one of profit-making, which, in the context of new types of projects, requires patience.
- That capital, operating in South Africa, a context with a very clear need for creativity in funding activities that sit outside the corporate mould, is still unable to solve for small-scale projects that serve the majority, indicates a deep problem of imagination. South African capital seems to mimic the logics of more mature economies, unable or unwilling to play a leadership role in crafting new instruments and approaches to the challenges of its actual context. In this sense, South Africa suffers a dilemma in its self-image, aspiring on the one hand to bridge its first and second economy challenge whilst simultaneously lacking the institutional commitment to generate precisely the instruments that are needed to breathe vibrancy into the economy. The Just Transition presents an opportunity for both private and developmental finance to elevate its thinking by creating instruments to serve the 'lower' end of the market.

03.

Conclusion

Concluding Thoughts

- The first dilemma of the Just Transition is time. It takes time for people to create new value. The time required to refine a project for scale is not necessarily consistent with the urgency of the transition to a net zero economy.
- The second dilemma is the ideal of community ownership. There is a requirement to rearticulate the meaning of good community development, such that those who seek to deliver benefit to communities are not pressured to distance themselves from projects before they reach maturity.
- Perhaps the most important lesson coming out of community projects for the Just Transition is that not all community projects have the same identity. There exists a very strong normative outlook in the community development literature, which defines 'good' projects as those which engender deep community participation, develop community capacity and ultimately result in community ownership.
- What this study has established is that there exists a necessary distinction between community-based versus community-placed projects. Of the projects evaluated, all but one was originated by parties who can be deemed 'locals'. Outsider status implies not being of the particular community, even if of the same region or country. One of the project leads interviewed framed this slightly differently, saying that he thought of exit in the context of a franchise model. In essence, this paper, in articulating a path to scale, has argued that much work is required at the conceptual level. It is worth reconceptualising the ideals that underpin community development, project finance as well project implementation. At all these levels, there is clear dissonance between the norms established by both dominant actors such as the state as well as less powerful actors such as project implementors.
- On both ends, it is clear that the ideal of self-generated community value is often and unduly so strong that it competes with the lived experience of project execution.

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