TRADE & INDUSTRIAL POLICY STRATEGIES

JUST TRANSITION PROJECT TAGGING TOOL (1st ITERATION): AN APPLICATION TO REAL WORLD PROJECTS

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TIPS supports policy development through research and dialogue. Its two areas of focus are trade and inclusive industrial policy, and sustainable development.

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ABOUT THIS REPORT

To deliver just transition projects on the ground, South Africa needs to be able to ensure that just transition funding and financing starts flowing immediately and is credibly, consistently and transparently deployed. To facilitate this, TIPS has developed a tool using an evidence-based, iterative methodology which can tag (label) a project as: just transition, not just transition, or just transition plus.

In this paper the 1st iteration of the tool is tested against real world projects. The tool underperforms and a 2nd iteration is proposed.

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CONTENTS

ABBREVIATIONS

BBBEE	Broad-Based Black Economic Empowerment
DFI	Development Finance Institution
ESG	Environmental, Social and Governance
IPG	International Partners Group
JET-P	Just Energy Transition Partnership
PMU	Project Management Unit
PPC	Presidential Climate Commission
R&D	Research and Development
SEI	Socio-Economic Improvement
SOE	State-Owned Enterprise

INTRODUCTION

Identifying what counts as a just transition project is a key tool necessary to support the flow of funding and finance to the just transition in South Africa. TIPS, working in collaboration with a multi-disciplinary working group published a first iteration of such a framework in August 2023. The framework is designed as a practical tool to be used by anyone who *wants to* make an assessment of whether a project counts as a just transition project or not. Projects can be important, good and desirable without being just transition projects. However, in some circumstances tagging a project as a just transition project is useful and/or necessary. The tool will most likely be used to determine whether a project qualifies for preferential access to finance or financing terms, but it has application in many other contexts. Likely users of the tool include: the financial sector, non-financial corporates, government, donors, trade unions, non-government organisations and civil society organisations. Developing the framework is based on an evidence-driven, iterative methodology which supports learning by doing. After the publication of the first iteration of the framework, *Just Transition Project Tagging Tool (1st Iteration)*, project level information was collected. The functionality and usefulness of the first iteration of the framework was tested using the collected project information.

The overall finding when applying the framework to the project sample was that the framework excluded too many projects which could meaningfully contribute to a just transition in South Africa. The framework provided was unable to deal with the complexity of the heterogeneity of just transition projects in the market.

This document presents the project information collected, its implications for the first iteration framework and thinking towards developing the second iteration. The second iteration needs to (where possible) address the shortcomings identified in the research and improve the functionality, applicability, and consistency of the framework in the current South African operational context.

The document begins (Section one) with a short summary of the first iteration: building blocks, pre-screening criteria and evaluation approach. Section two presents the research towards a second iteration. This comprises an overview of the methodology; analysis of the evidence gathered; the functioning of the framework against this evidence; and options to address identified shortcomings. In Section three a revised framework architecture is presented. Section four concludes.

1. OVERVIEW OF THE FIRST ITERATION OF THE JUST TRANSITION TRANSACTION FRAMEWORK

Building Blocks

The first building block of the framework is that it is designed to be universally applicable. This means that the framework must be fit for purpose across scales, sectors, asset classes, entities (public, private, civil) and geographies. This is in line with the Presidential Climate Commission (PCC) approach and generally accepted view that: the just transition will require the effort of public and private participation in all fields including finance; is not energy sector specific; nor applicable to a specific province.

The second building block deals with whether the South African framework should limit itself to existing environmental, social and governance (ESG) frameworks and standards, or if a broader notion of justice requires additional monitoring and evaluation metrics. The framework is rooted in existing Global North ESG frameworks and standards; but the complexity of the South African colonial and apartheid legacy requires that just transition activities and indicators in addition to ESG measures also be considered. To achieve this, the framework uses existing ESG frameworks and principles as a point of departure while offering direction and precision on what could constitute more substantial social justice and socio-economic improvement outcomes. This direction and precision take the form of an initial set of qualifying socio-economic improvement objectives and activities.

With the measurement of outcomes and impacts, the framework applies the principle that indicators should be material to the investment and sector under consideration, and must be place and context specific. To support this principle while seeking alignment with international best ESG practice, the framework includes existing standardised indicators as well as providing project champions with the opportunity to develop their own project-specific bespoke measurements and metrics.

A third building block of the framework is that South Africa's understanding and ambition in relation to the just transition will increase over time. Learning from the chronological experience of the green finance taxonomy, with its humble origins in the qualitative OECD's Rio Markers, the framework adopts a long-term, incremental view on how the sophistication and accuracy of identifying just transition investments will unfold. In this view the framework adopts an evaluation and reporting approach which will increase in complexity, quantification, and rigour over time. Initially, project champions will simply need to *tell* evaluators what their just transition project is and what it hopes to achieve. Later, as understanding, and definitional clarity improve, champions will need to *show* their contribution. Ultimately, the framework will require project champions *prove* their outcomes and impacts.

The final building block of the framework is the need for just transition funding and finance to be deployed and invested on the ground where needed, even though substantial definitional and evaluation challenges exist. The idea of flying an aeroplane even while it is being built is embraced in the framework through a dual gate entry system of eligibility; accommodation of varying levels of just transition ambition; a menu of qualifying objectives, activities, and indicators; and an incremental learning by adopting a methodology approach that will see ongoing updates to the framework and its application to evolving circumstances.

Pre-Screening Assessment

The first iteration framework required that four pre-screening criteria be met by all projects prior to them being evaluated. Securing compliance with these four criteria is seen as establishing a minimum standard for a just transition project, and the point on the continuum where a sustainable finance/climate finance project becomes a just transition finance project.

The first two pre-screening criteria included in the framework are uncontentious. The first precludes any investment in: fossil fuels, armaments, tobacco, and the sex industry. The second requires that all projects comply with the South African Constitution and all current laws and regulations.

The third framework pre-screening criterion is that the project must be formally approved by the relevant authority in the submitting institution's hierarchy, and that some funding needs to have been secured for (at a minimum) the development phase of the project. The thinking behind this criterion is that it ensures that projects are actively realisable and not simply ideas in the mind of a potential champion. The formal approval and commitment of some funding are seen as reasonable proxies to differentiate a potentially implementable project from an untested project that has no internal support by the investing company or institution.

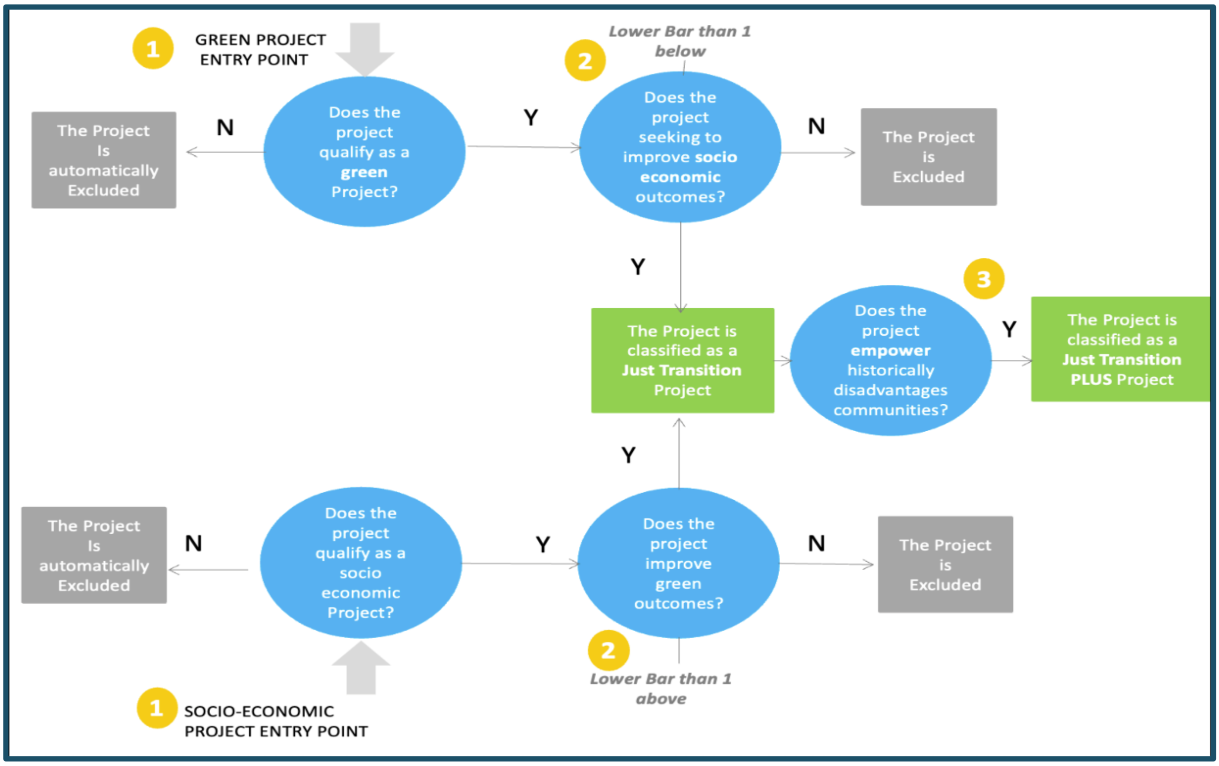
The fourth and final pre-screening criterion is that the project must include community and/or labour voice and action. The focus of community and/or labour engagement is determined by the objectives and activities of the project. For instance, a project to retrain an existing workforce would require labour engagement, whereas a waterway rehabilitation project would require engagement with the impacted community but not a separate consultation with labour.

To raise the bar on community/labour voice from a tick box exercise to an undertaking which will provide meaningful participation and agency to appropriate stakeholders, the pre-screening criterion requires that a project produce: i) a stakeholder engagement plan; ii) a stakeholder engagement implementation plan; and iii) an engagement budget.

Assessment Against Green and Socio-Economic Improvement Objectives, Activities, and Indicators

The first iteration approach puts forward that once a project has passed pre-screening it progresses to the evaluation stage shown in Diagram 1.

Diagram 1: Dual Entry Gate Evaluation Process



Source: Author.

The framework requires that a project include both green and socio-economic improvement (SEI) objectives, activities, and indicators to be considered just. The requirements for "green" or ''socio-economic" at the two different entry points are different for the second phase of evaluation (as shown in Diagram 1 and discussed below). The first framework includes annexures that identify six green objectives and four socio-economic improvement objectives. Each objective is then broken down into qualifying activities and associated indicators. By providing a finite list of qualifying objectives, activities and indicators, the framework begins the process of adding direction, clarity and precision on how just transition investments can be identified in a consistent manner.

The evaluation process allows a project to identify its fundamental, primary objective as either green or socio- economic improvement. This principal objective determines through which gate the project enters the evaluation process. If a project enters through the green gate it will need to meet a higher green threshold and a lower socio-economic threshold. If the project enters through the socio-economic gate it will need to meet a higher socio-economic improvement threshold and a lower green threshold. By applying this dual entry system, the framework can accommodate projects with diverse just transition objectives while ensuring that projects include both green and socio-economic improvements, together with community/labour engagement as determined in the pre-screening.

If a project meets the thresholds as described, it is deemed to be a just transition transaction. A just transition transaction should benefit from preferential access to concessionary funding, just transition funding mechanisms and schemes, and/or credit enhancements and superior financing terms and conditions.

Assessment of Just Transition Plus Designation

Previous research on just transition projects identified a spectrum of just transition ambition.[1] High and low ambition projects all need to be embraced given the scale of South Africa's unemployment, poverty, and inequality challenges. However, higher ambition projects are preferred, and the framework seeks to incentivise this behaviour through a just transition plus designation. This more ambitious just transition plus designation should be rewarded with superior financing access, terms, and conditions than the ordinary just transition designation explained above.

To be evaluated as a just transition plus project, a transaction needs to meaningfully empower previously disadvantaged people or groups. Meaningful empowerment is defined in the framework as consisting of either: the transfer of asset ownership (such as productive assets, land, shareholdings); or representation of disadvantaged groups in the management structures of the enterprise. The framework also allows for the possibility of meaningful empowerment through a novel means identified in the community engagement process. This could include new business models, new special purpose vehicles and the like.

Monitoring and Evaluation

Monitoring and evaluation of the just transition remains the most controversial and difficult aspect of just transition transactions that successfully meet these criteria. Indicators in the monitoring process would require transparency, visibility, and accountability. Functionally they should enable just transition fronting to be identified and avoided; provide verifiable quantification of deliverables against

[1] Lowitt, S. 2021. A Just Transition Finance Roadmap for South Africa: A First Iteration. Trade & Industrial Policy Strategies. Available at: https://www.tips.org.za/images/TIPS_UK_PACT_A_Just_Transition_Finance_Roadmap_for_South_Africa_First_Iteration_December_2021.pdf

use of funds; allow the development of new company KPIs; capital allocation decision frameworks; as well as providing the basis for management incentives to change behaviour and support system level change.

Although, the framework sets the initial monitoring bar low – requiring *telling* rather than *showing* or *proving* impacts; the long-run intent of the framework it to achieve rigorous, appropriate, and consistent measurement and evaluation instruments. To this end the framework provides a list of standardised indicators for green and socio-economic improvement outcomes and impacts from which project champions may choose. There is also a facility for champions to design and submit bespoke indicators to be monitored against, which are material and context specific to a given project.

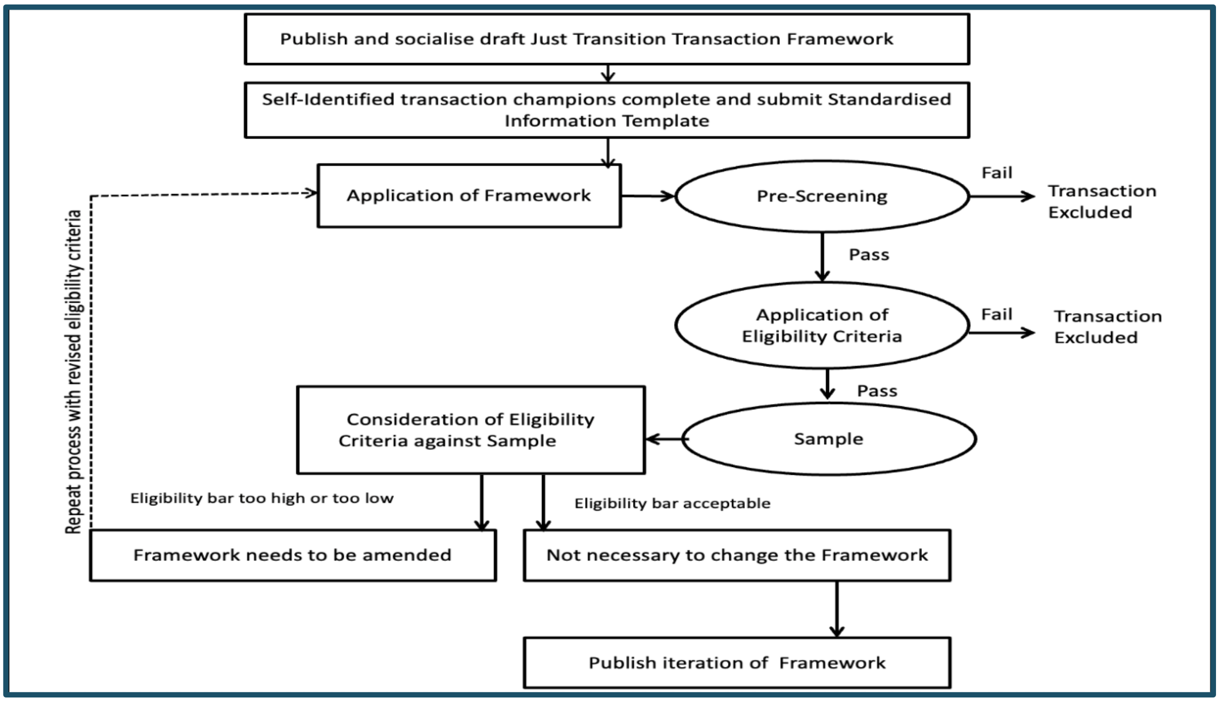
All indicators in this space still require substantial additional research and work to arrive at definitional clarity; definition inclusions and exclusions; measurement approaches; measurement units; and verification processes. Each iteration of the framework should make forward momentum in this regard and can learn from on-the-ground experiences.

2. RESEARCH TOWARDS A SECOND ITERATION

Methodology

An evidence-based research methodology is used. This supports the framework to be agile and adaptive in a nascent, rapidly changing field. In this environment a methodology based on learning by doing through formalised feedback loops and sequential iterations is most likely to advance a context specific, fit for purpose framework.

Diagram 2: Methodology to Define a Just Transition Transaction Framework



Source: Author.

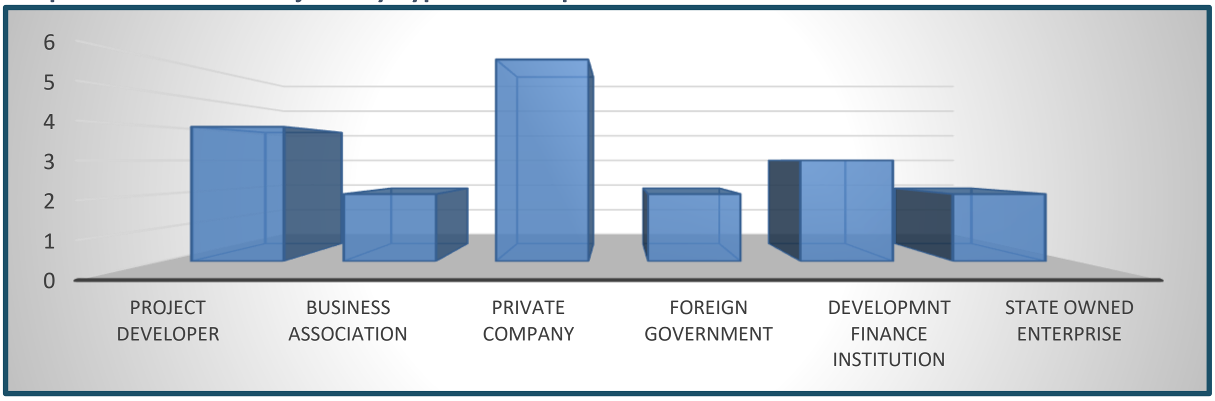
The process began with the publication and socialisation of a first iteration of the framework, in August 2023. After the launch and socialisation of the framework project, champions were sought to complete project information gathering templates. These were then captured, collated, and analysed. This process took place between August and November. This work led to the publication of this document. It is envisaged that the second iteration should be more accurate, applicable, and consistent than the first, based on understanding the performance of the first iteration when tested against real world projects. It is envisaged that a new round of evidence collection and framework iteration will be undertaken every couple of years.

Seventy invitations to participate in the information gathering exercise were sent to targeted organisations and corporates active in just transition space. A 23% response rate was recorded. Information was collected either through project champions completing a standardised information template or through a structured interview with the research team.

Project Information Overview

Data from 17 projects was collected representing a cross-section of institutional champions operating in different sectors and across multiple locations. Graph 1 indicates different champions that submitted projects. Private listed corporates are highly active in the just transition space, closely followed by private sector project developers, development finance institutions, and state-owned enterprises (SOEs). Government line departments at national, provincial, and local level were actively solicited to participate in the research, however, no sufficiently developed projects were forthcoming. This suggests that government may be lagging in just transition project development (notably excluding Mpumalanga and the work of the Green Cluster Agency). Foreign governments are highly active in the space. They act directly through embassy projects and via national development finance institutions.

Graph 1: Number of Projects by Type of Champion

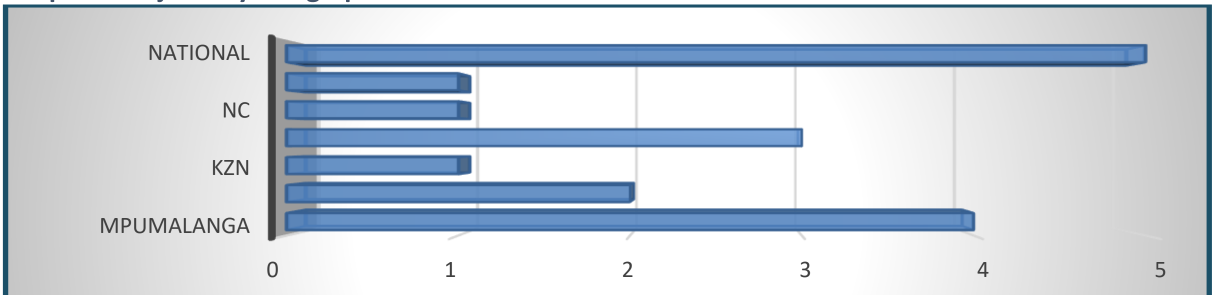


Source: Author, Research surveys: Second Iteration of the Just Transition Finance Mechanism, 2023.

The geographic spread of projects (Graph 2) is broader than anticipated. Of particular interest is the high incidence of non-place-based projects which are designed as national initiatives. This is a major departure from international experience and benchmarking where the place-based nature of the just transition is seen as a defining characteristic. Indeed, the entire European Union Just Transition Mechanism is premised on designations of specific locations as “transition territories” determined objectively by anticipated job and gross value addition losses, specifically as a result of transitioning to a low carbon economy. Non place-based projects in the sample seek to address national issues. For example, one project proposes municipal investment in green bio digestor technologies as a solution to poor communities not connected to water-borne sewage systems. The business case, business model and just transition credentials of such a project would apply in multiple locations and have the added advantage of offering a project which is scalable. Inadvertently non-place-based projects are discriminated against by the first iteration framework. None of these national projects meet the community engagement pre-screening requirements as there are no specific communities to engage with. This shortcoming is addressed in the draft second iteration framework as many of the national initiatives are appealing as potential just transition projects.

As expected, Mpumalanga is a geographic location receiving much attention, as is the Eastern Cape.

Graph 2: Projects by Geographic Location

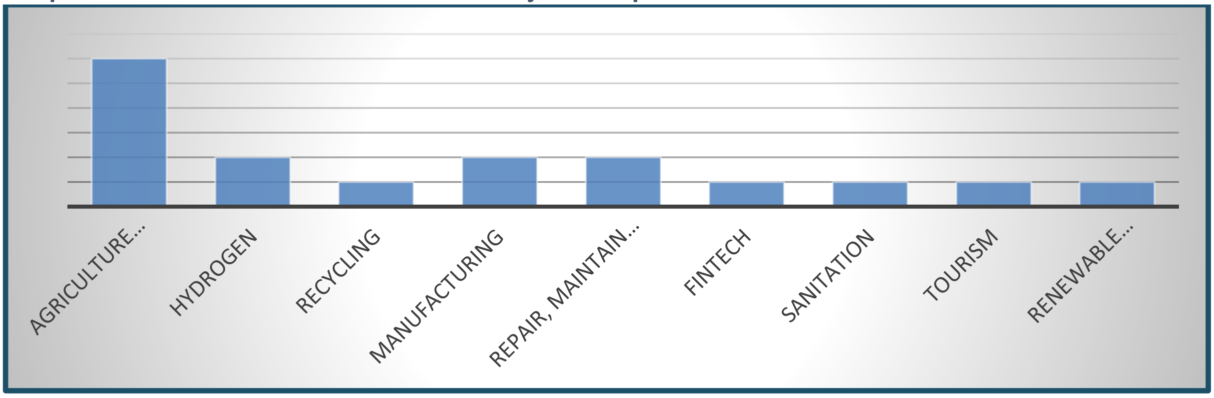


	Mpumalanga	WC	KZN	EC	NC	Gauteng	National
Number of Projects	4	2	1	3	1	1	5

Source: Author, Research survey: Second Iteration of the Just Transition Finance Mechanism, 2023.
Note: WC = Western Cape, KZN =KwaZulu-Natal, EC = Eastern Cape, NC = Northern Cape.

Graph 3 shows the spread of sectors in which just transition projects are being designed. As with previous samples (see Lowitt, 2021), agriculture dominates as the sector of choice for just transition projects. This is not an entirely accurate picture as the agriculture definition encompasses an entire value chain of activities. The supply chain includes: land rehabilitation, remediation and regeneration, for food crops, non-food crops (biofuels, biomass, textiles) and grazing. Over time higher-value niche crops become an option as soil qualities improve. A more detailed and granular breakdown and definition of agriculture needs to be included in the second iteration framework.

Graph 3: Sectoral Mix of Just Transition Project Sample



Source: Author, Research survey: Second Iteration of the Just Transition Finance Mechanism, 2023

More importantly, the agricultural projects in the sample raise the limitations of the framework to deal with temporal dimensions of just transition project designation. The issue here is complex and cannot be ignored.

The basic issue is that the first iteration of the framework takes a current snapshot of a project and evaluates its just transition credentials at the time of submission. What the evidence collected shows is that this approach excludes many projects which may at some future time yield high just transition contributions. This shortcoming in the first iteration framework potentially denies current non-compliant projects with high future potential access to just transition funding and the realisation of future beneficial justice outcomes and impacts.

For example, the rehabilitation and reuse of mining land (in particular) is fraught with technical, environmental, and commercial difficulties. As a general reference, experts suggest that such an undertaking is traditionally kicked off with pilot studies and research on soil and water conditions and technical options going forward. Land rehabilitation will then pass through multiple phases when, for example, it may only be suitable for non-food crops for the first five years post mining. From years five to ten it may be possible to grow food crops. Eventually higher value-adding crops can be considered as soil conditions improve overtime. The first iteration of the framework excluded all research and development (R&D) pilot projects of this type because their outputs were simply research reports. These research projects did not meet the SEI threshold *at the time of evaluation*, even though they were the catalysing requirement to create future livelihood opportunities in agriculture which would later meet the framework's thresholds. To avoid such exclusions, the second iteration of the framework includes a system level solution to deal with temporal dimensions.

Pre-Screening Sample Performance

The first iteration framework has four pre-screening criteria: 1) the exclusion of investments in fossil fuels, sex, tobacco, or armaments industries; 2) compliance with the South African Constitution and laws and regulations; 3) existence of an engagement strategy, engagement implementation plan, and engagement budget; and 4) internal approval of the project and some allocated project funding.

The pre-screening criteria in the first iteration of the framework turned out to be a major stumbling block for most of the projects in the sample. All 17 projects met the requirement for complying with the Constitution and current laws and regulations; and none of the sample projects fell into excluded sectors. The problems arose with meeting the funding and community/labour engagement criteria.

Of the 17 projects in the sample only three (18%) passed all four of the pre-screening requirements. Two of the three successful projects were championed by a South African development finance institution (DFI) and the third by a foreign government.

Of the remaining 14 projects 57% had not secured a project budget and funding, and 59% did not meet the community/labour engagement minimum requirements.

The approach to the issue of funding in the first iteration was that some project funding needed to be approved and applied within the champion organisation as a means of differentiating ready and implementable projects from those that are untested and unsupported internally. What the framework failed to account for was: 1) the existence of sweat equity put in by project developers, which does not show up as a Rands and cents investment; 2) the lived reality that many corporates and DFIs have established in-house sustainability and just transition units whose staff are paid to produce projects – but the organisation does not provide funding past this business case point; and 3) the existence of enabling scientific projects which create opportunities for the just transition in the future, but must be funded and tested in a technical context before application to green and socio-economic improvement outcomes. Because of these shortcomings the framework excluded several projects which offered desirable just transition potential outcomes and impacts.

The second iteration of the framework deals with most of these issues by providing clarity on what constitutes funding and project approval. The timing of when funding is made available is dealt with by explicitly accounting for different stages in a project's life cycle. Through these two measures the second iteration attempts to incorporate more projects with long-term just transition outcomes while maintaining the use of a funding variable as a criterion to differentiate between projects which can be executed and a mere glint in someone's eye.

Still, in the pre-screening phase, 59% of the complete project sample had no community/labour engagement strategy; engagement implementation plan; or budget. This was a surprising finding given the PCC's just transition framework's stress of procedural justice and the importance of stakeholder engagement as a standout feature of justice. Using follow-up questions and interviews it transpired that in 70% of the cases where no engagement strategy and planning existed, this absence was not due to a deliberate decision not to consult, or an oversight to consult, but rather engagement being deemed either inappropriate at a particular time, or no obvious community/labour grouping was available to consult with.

Champions of pilot projects felt strongly that it was inappropriate to consult with communities prior to knowing whether a project was technically viable or not. This reluctance was based on perceived potential corporate reputational risk, and a desire to not unduly raise community expectations. In several other projects (including all the national-based projects) consultation was lacking because the projects were not place-based and hence there was no identifiable representative community or specific cohort of beneficiaries to engage with. It was argued by project champions that if, and when, such projects are rolled out, consultations in particular locations will be undertaken. In several other instances, projects undertook extensive consultation but not with communities or labour. These projects consulted with business, municipalities, and other spheres of government. Many of these projects are partnering and enabling projects operating at a meso level rather than an on-the-ground level.

In many (but not all) of the projects which failed the engagement pre-screening criteria, the reasons for non-engagement appeared reasonable to the research team and total exclusion from further evaluation as a just transition transaction appeared unwarranted. The second iteration of the framework makes some improvements in the timing of the application of the engagement criteria and thereby allows for a broader spectrum of projects to be evaluated and potentially designated. In this way the second iteration does not lower the engagement bar set in the first iteration; but acknowledges that the criteria must be applied at the appropriate time in a project's life cycle.

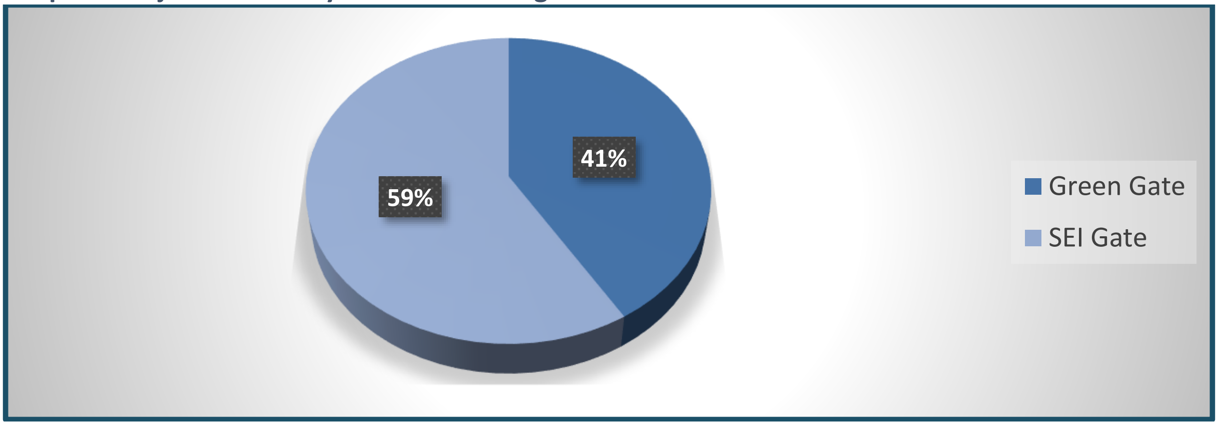
The fix is functional but falls short of the required framework sensitivity and nuance required to deal with the immensely complex issue of appropriate engagement. The evidence collected also raises concerns regarding the current thinking and articulation of engagement with communities. Additional research is urgently required regarding: who is it appropriate to engage with, who and what constitutes a valid community; is community engagement sufficient or is approval required; and how is meaningful engagement measured and proven.

Evaluation Performance

For the purposes of learning by doing (and considering the deficiencies of the pre-screening formulation in the first iteration) the entire sample of 17 projects was analysed against the framework's evaluation criteria instead of just the four that passed the pre-screening.

Of the 17 projects, 59% entered through the SEI gate and 41% through the green gate. In four instances project champions struggled to elect an entry gate. Ultimately all four chose the SEI gate in preference to the green gate as it was assessed that meeting the framework's SEI criteria was easier than meeting its green criteria. This is something that has been considered in the subsequent iterations of the framework and is assessed to be mainly due to weak and overly broad SEI definitions, especially in relation to job and livelihood opportunity creation.

Graph 4: Project Gate Entry Decision-Making



Source: Author, Research survey: Second Iteration of the Just Transition Finance Mechanism, 2023.

Green Gate Entry Projects

For projects entering through the green gate, 86% were climate change mitigation projects and 14% sustainable use of water projects. There were no green entry gate projects in the: adaptation, pollution prevention, sustainable resource use and circularity, or eco-system protection and restoration listed objectives.

There are, however, pollution prevention, sustainable resource use and circularity and eco-system protection and restoration activities in the sample. But they entered the evaluation system through the socio-economic improvement gate not the green gate.

Of the seven green projects evaluated, 100% met the framework's requirements in terms of objectives, activities, and indicators. The seven projects entering through the green gate all met (and exceeded) the socio-economic improvement minimum threshold of one SEI activity. Seven projects identified their SEI objective as supporting employment and livelihood opportunities, two as strengthening and developing existing and new supply chains and one improving community spaces organisations and services.

All seven projects were designated as just transition projects.

Socio Economic Improvement Entry Projects

Ten projects entered through the SEI Entry gate. A wide sectoral mix occurred. Five were focused on the agricultural sector (broad definition), one in recycling, one in tourism, two in training and one in fintech. In needing to meet two SEI objectives all 10 chose as their first objective supporting employment and livelihood opportunities. For the second objective: four failed to identify a second objective (see below); five chose strengthening and developing existing and new supply chains; and one improving community spaces.

Projects entering through the socio-economic improvement gate fared considerably worse than their green counterparts. Only 50% of projects entering through this gate successfully met the framework's evaluation criteria and were designated as just transition projects. Projects failed because of two distinct reasons.

The first reason relates to R&D pilot projects and their early phase in the project lifecycle development (as discussed above). Several projects which focused on piloting new R&D and technology in the broadly defined agricultural sector *chose* to enter the evaluation portion of the framework through the SEI gate rather than the more obvious green gate. This was not expected by the research team. Champions explained that while the technology being tested in the pilots was green, the motivation for the testing and subsequent project development was driven by the aim to achieve socio-economic benefits for impacted communities. Champions were not explicitly investing in this R&D to develop future green commercial outcomes for the champion organisation.

In the first iteration of the framework these projects needed to meet *two* SEI evaluation objectives to meet the minimum criteria threshold. Most R&D projects in the sample were able to meet one objective and an associated activity (R&D investment activity under livelihoods and employment opportunity creation) but could not meet a second given the early phase of the project and an output limited to a research report.

It is the view of the research team that R&D and testing new technology is pivotal in supporting new job opportunities and livelihoods, rehabilitating and making good environmental harm, and diversifying the economy. For these reasons the second iteration of the framework is redesigned to directly support such projects being included as just transition projects even though in their current form they are unable to meet existing socio-economic improvement criteria.

The second category of failing projects entering through the socio-economic improvement gate are more complex. The SEI gate sample included multiple projects which could be categorised as "enabling projects” or in the terminology of the Just Energy Transition Partnership (JET-P) International Partners Group (IPG) “policy support measures”. These projects do not deliver any just transition outcomes or impacts in their own right and thus failed the evaluation thresholds and did not qualify as just transition projects. The projects do, however, through their activity, potentially support additional just transition investments in the future, which would not happen in the absence of the enabling project being executed. Examples include: a project to assist policymakers in government to measure the quality of community engagement; a project to capacitate local municipalities and district officials to develop just transition project pipelines; and a project to fast-track green investments so as to provide demand for a green skills project, which was already up and running but failing to place trainees.

There are arguments for and against the inclusion of enabling projects as designated just transition projects. On the plus side, enabling projects can make a meaningful contribution (and deploy resources) to addressing the pervasive capacity and capability bottlenecks which plague national and sub national government policymaking and implementation. Dealing with these bottlenecks should support increased on-the-ground just transition project development and implementation in the future and is a positive thing. On the negative side, including enabling projects fuels an already buoyant consultancy bonanza in the field; and may lead (particularly Global North players with Paris Agreement or JET-P commitments) to be lazy in the deployment of their funds. It is far easier to finance a consultancy report than to put together and deliver a project on-the-ground. This issue is highly relevant and contentious and is currently being debated in relation to planned allocations of JET-P grant funding allocated by the international partner group.

The research team were divided on whether to make changes to the framework to include enabling projects. Ultimately it was decided that in the second iteration enabling projects should be included and a specific qualifying definition has been articulated to establish the term’s parameters. The decision was driven by the framework’s methodological approach. It was decided to include the category and then test the implication of this inclusion in the third and fourth iterations of the framework due for later development. The inclusion of the category is mainly adopted as a means of learning by doing. The category can be excluded again in the future if it turns out it is being abused or derailing on-the-ground investments with tangible outcomes and impacts for communities and workers. For now, given the scale of the just transition challenge in South Africa, it was decided to make the framework as inclusive as possible until additional evidence suggests otherwise.

Just Transition Plus Designations

Only four of the 17 projects evaluated answered yes to the project seeking to meaningfully empower communities/vulnerable groups. In the first iteration of the framework, meaningful empowerment is measured either by asset ownership or representation in management. All four projects included both asset ownership and management representation. All four were designated as just transition plus projects.

Definitional and Scope Issues Emerging from the Evidence

Several definitional and scope issues emerged during the information gathering and analysis process. Key issues which future iterations of the framework will need to rectify and enhance include:

- Rectification of the oversight that there is not an activity or indicator related to *job retention* as a desirable outcome as opposed to only *new* job and livelihood creation.
- Clarification as to whether investment in new enterprises includes agricultural investments and farms as new enterprises.
- Creation of indicators for research, policy support and pilots.
- Creation of appropriate activities and measurements for stakeholder partnering, especially partnering between the private sector and government.

- Increased disaggregation and detail related to new value chain qualifying activities and associated indicators.
- Unpacking agricultural projects to better differentiate between land, water, and cultivation activities.
- Breaking down land rehabilitation activities and indicators at a more granular level.
- Dealing with the issue of what constitutes meaningful engagement and who qualifies as a relevant community or labour force and, if multiple communities or subsets of a community exist, would engagement with one specific part of the community count under this framework.

The second iteration of the framework makes a start in addressing some of these issues, but others will need to be addressed in parallel research efforts and in future iterations. As with the green finance taxonomy – work on definitions and measurement of what constitutes justice will be a long-term journey and one unlikely to easily arrive at consensus.

3. TOWARDS A SECOND ITERATION OF THE JUST TRANSITION TRANSACTION FRAMEWORK

Overview of Second Iteration

The first iteration of the framework failed 82% of all projects submitted. This included many projects which the research team deemed highly desirable, well aligned to, and representative of, the aspirations of what should constitute a just transition project.

Analysis of project performance against the framework's criteria revealed that (in the main) projects were failing because certain criteria were inapplicable to them. In the first iteration of the framework, if a project fails to meet a single criterion it fails the complete evaluation process. This was deemed unfair as a project should not be penalised for not achieving a criteria which is not applicable to it. Based on this understanding, the research team sought a solution for differentiating the applicability of pre-screening and evaluation criteria across different types of projects while maintaining the overall standards and ambition of the first iteration.

What changes in the second iteration of the framework is the explicit acknowledgement that just transition projects are highly heterogeneous. They differ in their focus, ambition, range of activity and maturity. Because of these differences it is not useful to apply a single, inflexible framework to all projects. The second iteration therefore allows for eight different categories of projects. Each category of project is required to meet a specific mix of criteria relevant to its stage of development and focus. The criteria are drawn from a fixed menu of criteria included in the first iteration of the framework. The fact that the menu of criteria remains fixed allows for rigour, comparability, and consistency in the selection of just transition projects while still accounting for fundamental differences in the nature of such projects. This is viewed as a meaningful improvement in the functionality and usefulness of the framework in the real world.

Using the second iteration framework, the percentage of the sample projects successfully designated as just transition increased from 18% (four out of 17) to 71% (12 out of 17). This is viewed as a fairer reflection of the quality and desirability of designated projects than the result produced by the first iteration framework.

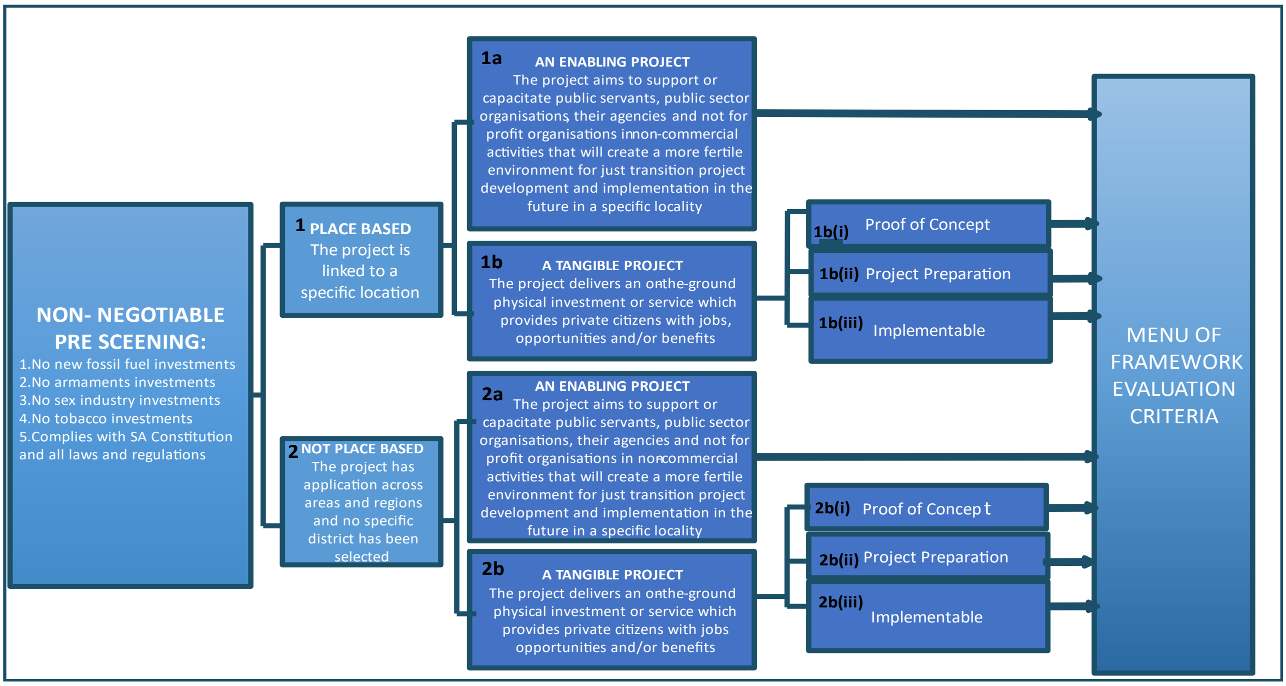
Diagram 3 and Diagram 4 depict the architecture of the new thinking underpinning the second iteration framework.

Project Categorisation

The first revision provides a reduced pre-screening list of criteria followed by a disaggregation and codification of different types of projects. Eight mutually exclusive categories of projects are identified (Diagram 3). Project identification is based on whether a project is: i) place-based or not place-based;

ii) an enabling project or a tangible project; and iii) the phase of the project's lifecycle (proof of concept, project preparation or implementable).

Diagram 3: Project Differentiation and Categorisation



Source: Author.

A project moves from left to right through Diagram 3. First it must comply with the non-negotiable pre-screening requirements. If it fails to meet any of these criteria it is excluded from further consideration.

If a project passes pre-screening it proceeds to the project categorisation process which is completed by the project champion. First the champion must identify whether the project is place-based or not; second whether it is a tangible or enabling project; and finally (for tangible projects only) where in the project lifecycle it is. These three decisions determine the categorisation of the project depicted by an alphanumeric label (top left of each box in the Diagram). Project categorisations are explained in detail later in the document.

Once the type of project is determined, selective criteria from the menu of framework evaluation criteria are applied. The menu of framework evaluation criteria comprises a mix of criteria from the first iteration of the framework and some new criteria. The menu includes: i) the green and socio-economic improvement objectives, activities and indicators from the first framework iteration; ii) two of the pre-screening criteria from the first framework (community engagement and funding); and iii) new objectives and activities for enabling projects (contained in Annexure 5).

The selection of the most relevant criteria to a specific type of project (and the exclusion of criteria which are not relevant) allows a project to be judged only against criteria which are appropriate to that project's form, construction, and maturity. This *discretionary* application of criteria, which a project needs to comply with in order to be evaluated as a just transition project, reflects the heterogeneity of real world just transition projects. By using a fixed menu of criteria, the framework is able to offer consistency and comparability across projects and across time.

Which criteria are applicable to which categories of projects is shown in Diagram 4.

<u>Criteria Applicability Matrix</u>

Diagram 4: Menu of Framework Evaluation Criteria and Project Categories

PROJECT CODE	Formal Internal Approval	Some Project Development Funding	Identification of Enabling Objective(s) and Activity(ies) as per Annexure 6	Identification of Enabling Indicators as per Annexure 7	Community and /or Labour Engagement Policy and Costed Implementation Plan	Identification of Primary Entry gate for Tangible projects	Identify Primary Entry Gate Objective (s) and activity(ies) as per Annexure 1 or 3	Identify Primary entry Gate Indicators as per Annexure 2 or 4	Identify Secondary Objective(s) and Activity(ies) as per Annexures 1 or 3	Identify Secondary Indicators as per Annexures 2 or 4	If included in the project Identify meaningful empowerment of previously disadvantaged groups as per Annexure 5
1a	X	X	X	X							
1b(i)	X	X				X	X				
1b(ii)	X	X	X		X	X	X		X		X
1b(iii)	X	X			X	X	X	X	X	X	X
2a	X	X	X	X							
2b(i)	X	X				X	X				
2b(ii)	X	X	X			X	X		X		X
2b(iii)	X	X			X	X	X	X	X	X	X

Source: Author.

The menu of framework evaluation criteria (columns) and project categories (rows) are put together to create a "criteria applicability matrix" (Diagram 4). The matrix is a product of the evidence collected in the information gathering exercise and follow-up interviews with project champions.

All projects need to have been approved by the submitting champion and some funding needs to have been applied to the project. This ensures that the framework is dealing with realisable projects and not merely unsanctioned musings and ideas. Funding in the second iteration includes sweat equity. After compliance with Columns 1 and 2, the criteria applicable to a specific project category are identified by the crosses in the relevant rows in Diagram 4

For example, a non-placed based, enabling project (2a) needs to meet the lowest number of evaluation criteria. It will be evaluated on whether the project has formal approval by the champion, if funding is available for the project, and if it meets one of the listed enabling project objectives and associated activities as per Annexure 1. Because the project does not deliver a tangible place-based investment, the project champion does not need to decide between a green or socio-economic improvement entry gate, nor comply with either gate's evaluation criteria. Such a project also does need not formally engage with labour and or the community as most enabling projects would be unable to identify a relevant (or mandated) community or labour group to approach. (see the definition of an enabling project below)

At the other end of the spectrum, a place-based tangible project ready for implementation (1biii) will need to comply with all evaluation criteria (bar those for enabling projects). This will include identifying the entry gate for evaluation, the gate thresholds as per the first framework iteration and, importantly, community engagement inclusive of: an engagement strategy, engagement Implementation plan, and engagement budget.

Development of the articulation, granularity, and thresholds applicable to each column heading and the population of the matrix body will be on-going as future iterations of the framework learn from an expanding evidence base.

The just transition plus designation explained in the first iteration of the framework remains unchanged in the second iteration. Any project which emerges from the revised evaluation process as a just transition project can then be evaluated to see if it meets the just transition plus criteria. The just transition plus criteria remains unchanged and are measured in terms of meaningful economic empowerment of a community or group.

Detailed Project Categories

<u>Place-based versus non-place-based</u>

As a first step the champion must decide if the project is place-based or not place-based. A place-based project is linked to a specific geographic location. It may be articulated at any size using any form. For example, a specific village or town, a district or municipality, a parcel of land owned by a mining house, or even a naturally determined "place" such as a natural water system. The distinguishing feature of a place-based project is that there is some physically determined boundary outside which the project does not operate or apply. A place-based project is designated as a 1 in the categorisation system. This number is denoted in the upper left corner of each box in Diagram 3.

A non-place-based project is a project which has application across areas and regions and no particular location has been identified for project execution. A non-place-based project cannot be located on a map and no specific physical boundary exists in its articulation; for example, a project to design and operate a green bio-digestor sanitation programme for municipalities across the country. A non-place-based project is designated as a 2 in the categorisation system.

Enabling versus Tangible Projects

The second decision a champion needs to make to determine the categorisation of their project is a choice between an enabling project and a tangible project. This same choice exists for a place-based and non-place-based project.

An enabling project is defined as: *A project which aims to support or capacitate public servants, public sector organisations and their agencies and not for profit organisations in non-commercial activities that will create a more fertile environment for just transition project development and implementation in the future.* This could include policy support, regulatory and legislative reform, sub-national (and national) capacity building and research. An enabling project is limited to application in the public sector and not for profit sector. It must be non-commercial, i.e. its immediate outcome does not generate an on-going revenue stream. Above all it must be designed and have as its fundamental objective the creation of a more fertile environment for either just transition project development or just transition project implementation. An initial attempt to determine qualifying objectives and activities is included in Annexure 5, but additional work is required. An enabling project for a place-based project will be denoted by the alphanumeric 1a; and for a non-place-based project as a 2a.

A tangible project is defined as: *A project which delivers an on-the-ground investment or service which provides private citizens (individually or in aggregate[2]) with opportunities, employment, or benefits.* The project is definite and not vague or elusive. A tangible project could include installing PV panels, opening a biomass plant, operating an acid mine water drainage treatment facility, or opening and operating a health clinic, a training programme, or an SME incubator. A place-based tangible project will be designated as a 1b project and its non-place-based counterpart as a 2b project.

Life Cycle Phases: Proof of Concept, Project Preparation and Execution

The final decision a project champion needs to make relates to the stage of development of the project being submitted. This decision option is only available for tangible projects. The second iteration excludes enabling projects that are still in development and limits enabling projects to those that are ready to be executed. This decision is based on the risk raised above that enabling projects become a substitute for on-the-ground investments, given the greater ease of delivering an enabling intervention. Only fully fledged enabling projects that are ready for implementation are considered in the framework. Enabling projects still in development are excluded.

For champions with tangible projects (1b or 2b) a decision needs to be made based on where the project is in a three-part project development cycle. A project may go through the framework at any time in its lifecycle.

The lifecycle used is an adaptation of the initiation, planning and execution project development approach. In the framework, a narrower more purpose specific articulation is used based on learnings from the evidence collected. The cycle phases in the framework are: proof of concept; project preparation; and implementable. The three phases are designed and articulated around the different financial and other resources required to support a just transition project in each of these phases.

[2] Aggregation could take multiple forms including : co-operatives, small businesses, community organisations.

- **Proof of concept**. A project will be classified as a proof of concept project if the project *seeks to undertake initial testing of an idea, method, product, technology or process in order to show its potential, viability and feasibility in the real world*[3]*.* Proof of concept is usually undertaken through the implementation of a pilot project and the subsequent collection and analysis of evidence collected from the pilot. The outcome of a proof of concept project is a document which helps stakeholders better understand the viability, feasibility and success factors related to the proposed innovation.

  A proof of concept project will be categorised as a 1b(i) or 2b(i) project depending on whether it is place-based or non-place based.

- **Project preparation**. A project will be classified as a project preparation project *if it has passed through the ideation or proof of concept phase but is still in the process of completing its planning ahead of implementation*. A project preparation project can meet some but not all the framework's evaluation criteria. At a minimum, a project preparation project will need to identify its entry gate and primary objective as per the framework menu and supporting annexures. It is, however, acceptable that detailed activities and indicators are still in preparation and cannot yet be established. This category is useful for two types of projects.

  First it allows the framework to consider projects which are advanced in their planning but for which planning is not complete. For example, a project may enter through the SEI improvement gate. It may be able to identify its primary objective as improving access to sanitation services, and it may have proof of concept of a specific green technology solution signed off and completed. It may, however, not yet have fully developed how it fits into the existing service provision value chain and what outcomes it is able to achieve. These will become apparent through additional planning preparation with or without outside technical and financial support.

  The second type of project this category accounts for is a project which forms part of a cascade of connected or compound projects. For example, a green entry gate project to do initial land rehabilitation may have no measurable activities and indicators which meet the framework's SEI criteria. However, undertaking this phase of the project will enable future livelihoods and employment opportunities which will meet the framework's SEI criteria once the land is suitable for agriculture. This category largely deals with many of the sequential and temporal issues raised earlier.

  A project preparation project will be categorised as a 1b(ii) or 2b(ii) project.

- **Implementable**. A project will be classified as implementable if all ideation and planning are completed and action and implementation are the next steps. For commercially viable projects seeking financial support, an implementable project will meet the basic requirements of a bankable project (considering that just transition projects will likely be able to access credit on preferential terms and possibly with different conditions). For a non-commercially viable project an implementable project will have grant, donor or public funding in place. Implementable projects will need to meet *all* the framework's (non-enabling project) criteria as specified by the criteria applicability matrix in Diagram 4.

  An implementable project will be categorised as a 1b(iii) or a 2b(iii) project depending on whether the project s place based or not.

Once a project has completed a given lifecycle phase it will need to submit a new project plan for evaluation for the projects next life cycle phase. Moving from the pilot phase to the preparation phase

[3] This include Research and Development projects (R&D).

(or directly to the execution phase) will require the project to meet a higher number of applicable criteria and hence a new round of pre-screening and evaluation. This aligns with current thinking around just transition finance, which matches different financial and technical assistance needs at different points in a project's life cycle.

Usefulness of the Second Iteration

To illustrate the flexibility and usefulness of the second iteration two case studies are offered.

CASE STUDY 1

In the first case study an organisation had implemented a skills development training project to train unemployed youth in green industry repair, maintenance, and installation. The organisation soon realised that even though the training had been successful, graduates were not finding employment due to a lack of demand for such skills. It then embarked on an associated project to work with the private sector and government to accelerate investment in targeted green industries to create demand for the skills base they had already developed. In the first iteration of the transition framework, this increasing demand project failed to be designated as a just transition project. It is essentially a facilitation project which the first iteration framework was unable to recognise as supporting a just transition.

The project failed the first iteration for two reasons. First it failed to make it through to the evaluation round because it failed the pre-screening requirement of community/labour engagement. The organisation did engage extensively with business and government but there was no relevance to the project to engage with communities or labour. Second, even if the project had passed pre-screening the outcome of the project is facilitation, which is not covered in any of the framework's objectives, activities or indicators. The first iteration of the framework was only applicable to tangible projects and was unable to account for enabling projects or facilitation projects which would support future just outcomes and impacts.

Using the second iteration of the framework, the project was classified as a non-place-based, enabling project (2a). As a 2a project the project only needs to meet the framework's internal approval and funding criteria, and one of the new categories of Enabling Objectives, Activities and Indicators (which can be found in the Annexures).

Using the second iteration framework the project successfully met the three criteria and is designated as a just transition project.

CASE STUDY 2

In this case study an organisation had an in-house unit focused on just transition project development. The project ultimately sought to develop biofuel facilities using biomass grown on rehabilitated land from an ex-mining operation. The growing of the biomass and the biofuel facility will result in replacement energy for fossil fuel inputs, new investments, a new value chain in the district, economic diversification, job creation and crowded-in livelihood opportunities. The project failed to pass the first iteration of the framework.

The project failed two of the four pre-screening requirements. Despite the project being developed in-house, the champion organisation had not put money aside to operationalise the project. Because project development had occurred as part of the regular course of business of the unit, no budget had been allocated to the project, hence it failed the financing hurdle requirement in the first iteration. Second the project team had not had any communication or engagement with the local community where the project was due to be implemented. This was because a technical feasibility of the project had not yet been ascertained, and a pilot study using this new technology to clean mine water is still required. The champion did not want to create community expectations prior to establishing the feasibility of the project. Because of these two factors the project failed to pass through to evaluation.

Even if the project had proceeded to evaluation, it still would have failed to be designated a just transition investment. This is because the objective and outcome of the project was a research report, which would fail to meet both the green and socio-economic improvement criteria included in the first iteration annexures.

In the second iteration of the framework, this case study project is categorised as a 1b(i) project. It needs to meet the criteria of: formal approval, funding (which in the second iteration accepts in-house project development funding or sweat equity as qualifying as funding), and identifying its entry gate and primary objective. Because it is a pilot project, community engagement is not required and no green and socio-economic improvement criteria need to be met given that the output will be a report.

Using the second iteration framework the project met the requirements and was designated as a just transition project.

Just Transition Washing and Limitations of the Framework

It is the view of the research team that *some* of the commitments made, and anticipated outcomes and impacts offered in submitted projects, are not credible, reliable, or put forward with any integrity or commitment to deliver. In four cases it was obvious that previously designed purely commercially conceived projects had subsequently been dressed up in just transition commitments to facilitate designation with the aim of gaining improved financing terms and conditions. The just transition commitments presented appeared unlikely to be able to be fulfilled but the framework was *not able* to exclude the projects on this basis. The team believes that four of the projects which did receive a just transition designation through the application of the framework are in fact examples of just transition washing projects. This is a serious concern as these projects may crowd out legitimate just transition projects from gaining access to limited concessional financing.

The framework as it exists has no ability to determine the integrity of project submissions or to stress test or verify commitments made. The framework does not determine the ability of the project champion to deliver on its commitments.

Analysis of the Broad-Based Black Economic Empowerment (BBBEE) Framework currently operating in South Africa shows that the BEE framework suffers from the same limitation. In the BEE context, empowerment fronting identification is undertaken, not by the BBBEE framework, but by third parties which rely on a company's BEE score. In the BEE space this is usually a financing institution (commercial bank, DFI, private equity and venture capital) or a procurement department (in an SOE, mining house etc). These third parties, which rely on the BEE rating, complete their due diligence to ascertain the credibility of the rating offered to them by the application of the BBBEE Framework.

The just transition transaction framework adopts a similar approach. The framework will offer a designation (just transition, not just transition or transition plus) based on a project submission against the framework's criteria. As with the BEE rating, third parties need to complete their own due diligence and stress test and verify the commitment and ability of the project champion to deliver against the commitments it made in its framework submission.

For example, if a project designated as a just transition plus project by the framework goes to a DFI with a speciality just transition finance instrument, the DFI should, as part of its finance due diligence, determine if it is convinced that a project or company will be able to deliver on the stated just transition commitments.

4. CONCLUSION

Testing the first iteration of the just transition transaction framework against a sample of real world projects validated the view that evidence-based, experiential learning can exponentially assist the development of practical tools and mechanisms to support just transition activity and financing. Stress testing the first iteration framework against real world projects exposed the limitation of the framework in dealing with the complexity of actual heterogeneous projects being developed in the South African market. The ability of the framework methodology to allow these limitations to be addressed in a second iteration has resulted in an improved and more fit for purpose draft second iteration of the framework.

While the second iteration is more granular and sophisticated, and enjoys several improvements and refinements, it remains very much a work in progress and further work will be undertaken.

ANNEXURE 1: GREEN OBJECTIVES AND QUALIFYING ACTIVITIES

OBJECTIVE	ACTIVITY
1. Climate change mitigation which includes:	
	1.1 Generating, transmitting, storing, distributing or using renewable energy, including through using innovative technology with the potential for significant future savings, or through necessary reinforcement or extension of the grid.
	1.2 Improving energy efficiency except for power generation activities.
	1.3 Increasing clean or climate neutral mobility.
	1.4 Switching to the use of sustainably sourced renewable materials.
	1.5 Increasing the use of environmentally safe carbon capture and utilisation and carbon capture and storage technologies that deliver a net reduction in greenhouse gas (GHG) emissions.
	1.6 Strengthening land carbon sinks, including through avoided deforestation and forest degradation, restoration of forests, sustainable management and restoration of croplands, grasslands and wetlands, afforestation and regenerative agriculture.
	1.7 Establishing energy infrastructure required for enabling the decarbonisation of energy systems.
	1.8 Producing clean and efficient fuels from renewable or carbon neutral sources.
	1.9 Enabling any of the above.
2. Climate change adaption which includes:	
	2.1 An economic activity that includes adaptation solutions that either substantially reduce the risk of adverse impact or substantially reduce the adverse impact of the current and expected future climate on that activity without increasing the risk of an adverse impact on other people, nature and assets.
	2.2 An economic activity that provides adaptation solutions that contribute substantially to preventing or reducing the risk of adverse impact or substantially reducing the impact of the current and expected future climate on other people, nature or assets, without increasing the risk of an adverse impact on other people, nature or assets.
3. Pollution prevention which includes:	
	3.1 Hazardous waste management including activities that prevent the release of hazardous waste into the environment through proper storage, treatment and disposal of hazardous materials.

	3.2 Air pollution control activities that reduce the emissions of air pollutants such as particulate matter, nitrogen oxides and sulphur dioxide.
	3.3 Chemical management including the production of safer chemical alternatives, improved disposal and storage of waste chemicals, and reduced use of environmentally unfriendly chemicals.
	3.4 Noise pollution control which includes activities that reduce noise pollution.
4. Sustainable use of water and marine resource which includes:	
	4.1 Water conservation and management, including activities that promote sustainable use of water resources, reduce water usage, improve irrigation efficiency and promote rainwater harvesting.
	4.2 Water pollution prevention such as improvements to wastewater treatment and technology, reducing agricultural runoff and promoting the use of eco-friendly products.
	4.3 Marine habitat protection, including activities that protect and preserve marine habitats such as coral reefs and sea grass beds.
	4.4 Sustainable fishing practices such as reducing catch, and implementing and enforcing fishing quotas.
	4.5 Marine litter management.
	4.6 Coastal zone management that promotes sustainable development and management of coastal zones such as implementing coastal protection measures and promoting sustainable tourism practices.
5. Sustainable resource use and circularity which includes:	
	5.1 Activities which support and promote the reusing, repairing, refurbishing and recycling of existing materials and products so as to increase circularity and minimise waste generation.
	5.2 Sustainable agriculture and forestry practices not included in (1) above, including promotion of reforestation, and reduced use of fertilisers and pesticides
	5.3 Sustainable waste management including practices such as reducing waste generation, promoting recycling, and promoting the use of composting.
	5.4 Sustainable manufacturing practices such as reducing waste and emissions, promoting the use of renewable energy, promoting the use of eco-friendly materials, increased energy efficiency, and materials usage minimisation.
	5.5 Sustainable construction practices such as reducing waste, materials reuse, promoting use of sustainable materials, improving energy efficiency of design, increasing material reuse, and increasing lifespan of buildings and infrastructure.

6. Ecosystem protection and restoration which includes:	
	6.1 Habitat restoration, revitalisation and rehabilitation, including activities that restore degraded or destroyed habitats such as wetlands, forest and grasslands.
	6.2 Biodiversity conservation including activities that protect and conserve endangered or threatened species of fauna and flora; and/or any actions which increase the genes, species or ecosystem in a geographic area.
	6.3 Activities that promote the sustainable management of natural resources such as water, soil and minerals not included in other categories.
	6.4 Soil conservation including activities that prevent soil erosion or reduced soil fertility caused by overuse, acidification, salinisation or other chemical soil contamination.
	6.5 Invasive species management, including activities that promote early detection and rapid response plans to limit existing and avoid new invasions.
	6.6 Ecotourism activities which promote sustainable tourism practices and the protection of natural areas, and the promotion of community-based tourism.
	6.7 Wildlife management activities which include reducing human-wildlife conflict and the implementation of wildlife management plans and wildlife protection.

ANNEXURE 2: GREEN INDICATORS

CLIMATE CHANGE MITIGATION	
Indicator	**Source**
Amount of renewable energy-generating capacity installed or rehabilitated (MW/kW)	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C200208) International Capital Market Association (ICMA) / Proposal for a harmonized framework for impact reporting on Renewable Energy/ Energy Efficiency projects (December 2015)
Amount of reductions in energy consumption achieved as a direct result of project conservation and efficiency initiatives.	Global Reporting Initiative (GRI) (Disclosure 302-4 Reduction of energy consumption)
Reduction in annual indirect (Scope 2) GHG emissions as a direct result of clean energy activities/initiatives designed and implemented by the project (metric tons of CO2 equivalent).	GRI (Disclosure 305-2 Energy indirect (Scope 2) GHG emissions)
Reduction in annual indirect (Scope 3) GHG emissions as a direct result of clean energy activities/initiatives designed and implemented by the project (metric tons of CO2 equivalent).	GRI (Disclosure 305-3 Other indirect (Scope 3) GHG emissions)
Reduction in annual GHG emissions in metric tons of CO2 equivalent as a direct result of clean energy activities/ initiatives designed and implemented by the project (metric tons of CO2 equivalent).	GRI (Disclosure 305-5 Reduction of GHG emissions)
Reduction of ODS as a direct result of project activities / initiatives in metric tons of CFC-11 (trichlorofluoromethane) equivalent.	GRI (Disclosure 305-6 Emissions of ozone-depleting substances (ODS))
Estimated value of project investments in support of clean energy research and development and renewable energy production, including in hybrid systems.	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C070a01)
Estimated value of project investments (infrastructure or otherwise) enabling or supporting the decarbonisation of existing energy systems.	Adapted Global Impact Investing Network IRIS+ (P12764)
Number and estimated value of successful energy efficiency solutions/schemes implemented by the project.	Global Impact Investing Network IRIS+ (PI1586,OI4531)
Number and estimated value of successful clean/climate neutral mobility solutions/schemes implemented by the project.	Adapted Global Impact Investing Network IRIS+ (C110201)
CLIMATE CHANGE ADAPTATION	
Indicator	**Source**

Number of local/district municipalities adopting and implementing local disaster risk reduction strategies in line with national disaster risk reduction strategies.	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C200305)
Increase in transmission/distribution grid resilience, energy generation and storage (MWh).	ICMA) / Green Bond Principles (GBP) Impact Reporting Working Group: Suggested Impact Reporting Metrics for Climate Change Adaptation Projects (December 2020)
Reduction in flood damage costs as a direct result of project interventions.	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Climate Change Adaptation Projects (December 2020)
Reduction in land-loss from inundation and/or coastal erosion as a direct result of project interventions (km^2).	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Climate Change Adaptation Projects (December 2020)
Increase in area under wetland management as a direct result of project interventions (ha/km^2).	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Climate Change Adaptation Projects (December 2020)
Increase in agricultural land using more drought resistant crops (ha/km^2).	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Climate Change Adaptation Projects (December 2020)
Increase in area cultivated by precision agriculture (ha/km^2).	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Climate Change Adaptation Projects (December 2020)
Increase in number of households with access to resilient energy systems.	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Climate Change Adaptation Projects (December 2020)
Number of people and/or enterprises (e.g. companies or farms) benefitting from measures to mitigate the consequences of floods and droughts.	Adapted Global Impact Investing Network IRIS+ (CO60401, CO60501, CO60601, CO20401)
POLLUTION PREVENTION	
Indicator	**Source**
Proportion of municipal solid waste collected and managed in controlled facilities out of total municipal waste generated.	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for

	Sustainable Development (C110603)
Amount of hazardous waste treated or diverted from disposal, by type of treatment and composition of waste (metric tons).	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C120402) GRI (Disclosure 306-4 Waste diverted from disposal)
Amount of non-hazardous waste treated or diverted from disposal, by type of treatment and composition of waste (metric tons).	GRI (Disclosure 306-4 Waste diverted from disposal)
Amount of hazardous waste directed to disposal, by type of disposal operation and composition of the waste (metric tons).	GRI (Disclosure 306-5 Waste directed to disposal)
Amount of non-hazardous waste directed to disposal, by type of disposal operation and composition of the waste (metric tons).	GRI (Disclosure 306-5 Waste directed to disposal)
Annual energy generation from non-recyclable waste in energy/emission-efficient waste-to-energy facilities in MWh/GWh (electricity) and GJ/TJ (other energy).	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Waste Management and Resource-Efficiency Projects (February 2018)
Energy recovered from waste (minus any support fuel) in MWh/GWh/KJ of net energy generated per annum.	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Waste Management and Resource-Efficiency Projects (February 2018)
GHG emissions from waste management before and after the project (metric tons of CO2 equivalent).	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Waste Management and Resource-Efficiency Projects (February 2018)
Annual absolute (gross) amount of waste that is separated and/or collected, and treated (including composted) or disposed of (in metric tons per annum and as a % of total waste).	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Waste Management and Resource-Efficiency Projects (February 2018)
Increase in % of population with access to waste collection services as a direct result of project interventions.	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Waste Management and Resource-Efficiency Projects (February 2018)
Increase in % of population provided with improved municipal waste treatment or disposal services as a direct result of project interventions.	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Waste

	Management and Resource-Efficiency Projects (February 2018)
SUSTAINABLE USE OF WATER AND MARINE RESOURCES	
Indicator	**Source**
Increase in % of population in target area using safely managed drinking water services.	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C060101)
Increase in % of population with access to clean drinking water (or annual volume of clean drinking water in m3/a supplied for human consumption) through infrastructure supporting sustainable and efficient water use (where average consumption per person is consistent with internationally recognised standards for sustainable water use).	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Sustainable Water and Wastewater Management Projects (June 2017)
Increase in proportion of domestic and industrial wastewater flows in target area safely treated, reused or avoided (m^3).	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C060303) ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Sustainable Water and Wastewater Management Projects (June 2017)
Increase in number of local administrative units with established and operational policies and procedures for participation of local communities in water and wastewater management.	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C060b01)
Increase in proportion of fish stocks in target area within biologically sustainable levels as a direct result of project interventions.	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C140401)
SUSTAINABLE RESOURCE USE AND CIRCULARITY	
Indicator	**Source**
The % increase in materials, components and products that are reusable, recyclable, and/or certified compostable as a result of the project (and/or in absolute amount in tons per annum).	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Circular Economy and/or Eco-Efficient Projects (June 2021)
Waste that is prevented, minimised, reused or recycled before and after the project (% of total waste and/or as absolute amount in tons per annum).	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Circular

	Economy and/or Eco-Efficient Projects (June 2021)
Increase in components, products or assets with circular design as a result of the project (valorised amount, % of the total product portfolio, and/or absolute amount in tons per annum).	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Circular Economy and/or Eco-Efficient Projects (June 2021)
The % and/or absolute amount in tonnes per annum of virgin raw materials that are substituted by secondary raw materials and by-products from manufacturing processes as a result of the project.	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Circular Economy and/or Eco-Efficient Projects (June 2021)
Increase in products or parts derived from redundant products or components as a result of the project (valorised amount, in % of the total product portfolio, and/or in absolute amount in tonnes per annum).	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Circular Economy and/or Eco-Efficient Projects (June 2021)
Increase in the number of end-of-design life or redundant immovable assets that have been refurbished and/or repurposed as a result of the project.	ICMA/ GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Circular Economy and/or Eco-Efficient Projects (June 2021)
Increase in redundant products that have been repurposed, refurbished or remanufactured as a result of the project (% of total products to be discarded and/or in absolute amount in tonnes per annum).	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Circular Economy and/or Eco-Efficient Projects (June 2021)
Increase in annual absolute (gross) amount of biodegradable waste, digestate and compost that is recovered (in tonnes p.a. and/or in % of total waste).	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Circular Economy and/or Eco-Efficient Projects (June 2021)
Increase in food, feed nutrients product, fibres or fertiliser produced from biodegradable waste and/or by-products (tons per annum or in valorised amount).	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Circular Economy and/or Eco-Efficient Projects (June 2021)
Increase in revenue derived through tools and services enabling circular economy as a result of the project.	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Circular Economy and/or Eco-Efficient Projects (June 2021)
Increase in number of products and/or the share of production awarded an internationally recognised eco-label, or energy, eco-efficiency or other relevant environmental certification as a result of the project.	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Circular Economy and/or Eco-Efficient Projects (June 2021)

Increase in land area under sustainable cultivation or sustainable stewardship as a result of the project (ha/km²).	Adapted Global Impact Investing Network IRIS+ (CO20401)
ECOSYSTEM PROTECTION AND RESTORATION	
Indicator	**Source**
Increase in proportion of land under certified land management as a result of the project (ha/km²).	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Biodiversity Projects (April 2020)
Increase in proportion of land in target areas under sustainable forest management as a result of the project (ha/km²).	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C150201)
Increase in natural habitats restored, protected and/or safeguarded as a result of the project (ha/km²).	GRI (Disclosure 304-3 Habitats protected or restored) ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Biodiversity Projects (April 2020)
Increase in natural landscape areas in urban areas restored, protected and/or safeguarded as a result of the project (km²).	GRI (Disclosure 304-3 Habitats protected or restored) ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Biodiversity Projects (April 2020)
Reduction in proportion of traded wildlife poached or illicitly trafficked from target area as a result of the project.	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C200206)
Number of local/district municipalities adopting and implementing local strategies to prevent and control invasive alien species in line with national strategies/ guidelines.	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C150801)
Absolute number of predefined target organisms and species per km² (bigger fauna) or m² (smaller fauna and flora) before and after the project.	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Biodiversity Projects (April 2020)
Absolute number of protected and/or priority species that are deemed sensitive in protected/conserved area before and after the project.	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Biodiversity Projects (April 2020)

Absolute number of invading species and/or area occupied by invading species in m² or km² before and after the project.	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Biodiversity Projects| (April 2020)
Absolute number of indigenous species, flora or fauna (trees, shrubs and grasses, etc.) restored as a result of the project.	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Biodiversity Projects (April 2020)
Number of conservation workers (e.g. game wardens, rangers, natural park officials) trained in biodiversity conservation.	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Biodiversity Projects (April 2020)
Number of forestry personnel trained in biodiversity conservation.	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Biodiversity Projects (April 2020)
Number of farmers trained in sustainable farming and biodiversity.	ICMA / GBP Impact Reporting Working Group: Suggested Impact Reporting Metrics for Biodiversity Projects (April 2020)
Increase in coverage of protected marine areas as a direct result of project interventions (km²).	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (CI40501)

ANNEXURE 3: SOCIO-ECONOMIC IMPROVEMENT OBJECTIVES AND QUALIFYING ACTIVITIES

OBJECTIVES	QUALIFYING ACTIVITY
1. Support employment and livelihood opportunities. Qualifying activities include:	
	1.1 The opening of productive new small, medium or large sustainable enterprises; opening and operating incubation facilities; roll-out of sustainable infrastructure; design and operation of public works programmes.
	1.2 Provision of training, retraining, skilling, reskilling, up-skilling, capacity building, capability development, vocational training, apprenticeships, life skills upgrading; job placement and job search schemes. Includes the actual provision of training by the transaction. Excludes establishment of a training facility or increasing the capacity of an existing educational facility (2.2 below).
	1.3 Increase in R&D funding and innovation support for new value chains, product and services.
	1.4 Activities which deliver regional economy diversification.
2. Improve access to services. Qualifying activities include:	
	2.1 Access to healthcare including the provision of health infrastructure and services in areas negatively impacted by climate action. May include primary and secondary healthcare services, physical and mental healthcare services and care of the elderly.
	2.2 Access to education including the provision of new education infrastructure and services in areas negatively impacted by climate action. May include early childhood development, primary, secondary and tertiary education. Will include provision of scholarships.
	2.3 Access to water and sanitation including the provision of new water and sanitation infrastructure and services in areas negatively impacted by climate action.
	2.4 Access to affordable energy including the provision of renewable energy to community

	members, workers and/or an area negatively impacted by climate action.
	2.5 Access to relevant finance and technical assistance to support: new enterprise development, supplier development, social and micro enterprises.
	2.6 Affordable access to communication technology and the digital economy including the provision of telephony, internet and data infrastructure and services on an on-going basis.
	2.7 Access to social safety net programmes available for community members, workers or areas negatively impacted by climate action. May include cash transfers, food assistance, vouchers and coupons.
	2.8 Access to affordable, safe and sustainable sources of food and nutrition to improve food security, including promotion of regenerative and sustainable agricultural activities, productivity enhancement programming for small scale farmers, waste and loss reduction programming and technology deployment such as smart irrigation.
3. Support the strengthening and development of existing and new supply chains. Qualifying activities include:	
	3.1 Localisation policy that requires a portion of materials, products and services to be sourced from a supplier or stakeholder in the immediate vicinity. This may be implemented through preferential procurement strategies.
	3.2 Working with new and established suppliers to improve their business growth and competitiveness.
	3.3 Formal partnering and collaboration relationships with new and established enterprises that provide tangible access to either finance/skills/technology/inputs/processes that will improve the volume and value of the enterprises operations.
4. Improve community spaces, organisations and services. Qualifying activities include:	
	4.1 Regeneration of urban centres in areas affected by climate change through: the diversification and upgrading of

	infrastructure, enterprise and service development, improved safety and policing, improved sports and leisure infrastructure and services, improved access, and increased community gathering spaces. Includes repurposing projects which positively transform community spaces.
	4.2 Community building, social inclusion, awareness and communication including the establishment and funding of community, business and place-based associations and forums. Includes working with local government structures to provide human settlement transformative services to communities, workers and areas negatively impacted by climate action.
	4.3 Expansion of public transport in areas negatively impacted by climate action, including increased connectivity with other urban and industrial centres.

ANNEXURE 4: SOCIO-ECONOMIC IMPROVEMENT INDICATORS

NOTE: All indicators apply to new and additive action; all indicators apply to a geographic location negatively impacted by climate action (such as decarbonisation plan of an existing company or a new investment to produce novel green products to avoid future GHG production).

SUPPORT EMPLOYMENT AND LIVELIHOOD OPPORTUNITIES	
Number and value of investments in new enterprises supported (small, medium, micro, large).	Common Output and Result Indicators for the Just Transition Fund of the European Union (EU-RCO-01); Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C080302)
Number and value of research organisations, technical innovation organisations and research and development (R&D) organisations with the aim of supporting new employment and livelihood opportunities in the local area.	Common Output and Result Indicators for the Just Transition Fund of the European Union (Adapted EU-RCR02-05); Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C80201,C90501,C90201); Global Impact Investing Network IRIS+ (O14718)
Number, capacity and value of investments in new Incubators created.	Common Output and Result Indicators for the Just Transition Fund of the European Union (Adapted EU-RCR17)
Number of new direct jobs created in a supported entity and the number of indirect jobs created that fall within the direct control of the investing party (e.g. supplier development programme).	Common Output and Result Indicators for the Just Transition Fund of the European Union(EU-RCR01); Global Impact Investing Network IRIS+ (O18266,019028)
Number of existing workers retrained and/or reskilled due to implementation of an in-house decarbonisation plan.	Global Reporting Initiative, GRI Sustainable Standards (Adapted GRI-11)
Implementation of recognised skills/training development programmes, and continuing vocational training aimed at developing skills that increase the recipients' future mobility, career development and or income-earning potential (recipients can be workers or community members).	Global Reporting Initiative, GRI Sustainable Standards(GRI 404-2); Global Indicator Framework for the sustainable Development Goals and targets of the 2030 Agenda for sustainable Development (C40401-C200306)
Increase in economic inclusion in number of new employees/opportunities created by age group, gender, disability or other relevant diversity indicator.	Global Reporting Initiative, GRI Sustainable Standards (Adapted GRI 401-1; 202-2), SASB 310
Number and value of investment in new facilities and/or services to support employment placement and other employment services in the local area.	Common Output and Result Indicators for the Just Transition Fund of the European Union(Adapted EU-RCR65)

Number and value of scholarships offered to local workers and community members.	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C040b01)
Number and value of learnerships offered to local workers and community members.	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C40401-C200306)
Number and value of apprenticeships offered to local workers and community members.	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C40401-C200306)
Number and value of existing educational or training establishments partnered with to support improved career mobility of learners.	Impact Investing Institute (UK) Criteria for Just Transition
IMPROVE ACCESS TO SERVICES	
Value of resources (human and financial) invested in childcare in support of: building new infrastructure, upgrading existing infrastructure, increasing resource capacity and efficiency, delivering affordable new services and/or increasing access to such services.	Common Output and Result Indicators for the Just Transition Fund of the European Union (EU-RCR70); Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (CC04202
Value of resources (human and financial) invested into educational learning in support of: building new infrastructure, upgrading existing infrastructure, increasing resource capacity and efficiency, delivering new, affordable services and/or increasing access to such services.	Common Output and Result Indicators for the Just Transition Fund of the European Union (Adapted EU-RCR 67); Global Indicator framework for the Sustainable Development Goals and target of the 2030 Agenda for Sustainable Development (C040a01)
Value of resources (human and financial) invested in healthcare in support of: building new infrastructure, upgrading existing infrastructure, increasing resource capacity and efficiency, delivering new services and/or increasing access to such services.	Common Output and Result Indicators for the Just Transition Fund of the European Union(Adapted EU-RCR 73); Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C030801)
Value of resources (human and financial) invested in affordable energy provision by supporting: building new infrastructure, upgrading existing infrastructure, increasing resource capacity and efficiency, delivering new services and/or increasing access to such services.	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C06070a01); Global Impact Investing Network IRIS+ (PI19448)

Supply of new services and/or increased access to services for relevant finance especially to support social enterprises, micro finance and SME finance; (this includes direct access to finance as well as technical assistance and project preparation support to achieve increased financial flows).	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C090501); Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C081001-2,C90301); Global Impact Investing Network IRIS+ (D9681)
Value of resources invested in communication technology supporting: building new infrastructure, upgrading existing infrastructure, increasing resource capacity and efficiency, delivering new services and/or increasing affordable access to such services to improve interaction with the knowledge and digital economy.	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C090c01)
Value of new social safety net programming.	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C10301,10b02)
Value of investments to support improved access to affordable, safe and sustainable sources of food and nutrition.	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C20101-2)
Value of investment into water and sanitation provision by: building new infrastructure, upgrading existing infrastructure, increasing resource capacity and efficiency, delivering affordable new services and/or increasing access to such services.	Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development (C200305,C060101)
SUPPORT THE STRENGTHENING AND DEVELOPMENT OF EXISTING AND NEW SUPPLY CHAINS	
Percentage of, and preferential terms offered for, inputs and materials purchased from local suppliers.	Global Reporting Initiative, GRI Sustainable Standards(GRI-201-4); Adapted Supplier Development (SD) and Enterprise Development (ED) Guide B-BBEE
Number of local suppliers trained or graduating from company supported supplier development programme.	Global Reporting Initiative, GRI Sustainable Standards (414); Adapted SD and ED Guide B-BBEE
Increase in investment directed to supplier development programming and support for local businesses and entrepreneurs.	Global Reporting Initiative, GRI Sustainable Standards GRI (414-1, 201)

Value of financial and non-financial support made available to local suppliers aimed at increasing their competitiveness and capacity to supply inputs or materials (this includes partnering with local firms to improve competitiveness).	Global Reporting Initiative, GRI Sustainable Standards GRI (201)
IMPROVE COMMUNITY SPACES, ORGANISATIONS AND SERVICES. QUALIFYING ACTIVITIES INCLUDE:	
Regeneration of urban centres in areas affected by climate change through: the diversification and upgrading of infrastructure, enterprise and service development, improved safety and policing, improved sports and leisure infrastructure and services, improved access, and increased community gathering spaces. Includes repurposing projects which positively transform community spaces.	Global Impact Investing Network IRIS+ (OI 1619, P12410,II6610)
Community building, social inclusion, awareness and communication including the establishment and funding of community, business and place-based associations and forums. Includes working with local government structures to provide human settlement transformative services to communities, workers and areas negatively impacted by climate action.	Global Impact Investing Network IRIS+ (PI5576,) 12319, O14324, O17914, II0324)
Expansion of public transport in area negatively impacted by climate action, including increased connectivity with other urban and industrial centres.	Common Output and Result Indicators for the Just Transition Fund of the European Union (Adapted RCO55-60)

ANNEXURE 5: ENABLING PROJECTS QUALIFYING OBJECTIVES AND ACTIVITIES

OBJECTIVE	ACTIVITY
1. Public Servant/Public Entity or Not for Profit Organisation Personnel Training and/or Capacity Building	1.1 Reskilling, upskilling, retraining, training, capacity building of public servants, employees in publicly owned agencies/entities or personnel working in a not for profit organisation
2. Government/ Government Agency Administrative and Process Development	2.1 Administrative and process diagnostic research 2.2 New or improved administrative and development process design options and solutions 2.3 Implementation and execution of new/improved administrative and development processes 2.4 Monitoring and evaluation of new/improved administrative and development processes 2.5 Creation of knowledge products and case studies related to new and improved administrative and development processes
3. Project Development and Project Preparation	3.1 Project design assistance 3.2 Project planning assistance 3.3 Technical assistance 3.4 Assistance in accessing funding 3.5 Assistance in establishing execution conditions and structures
4. Strategic Planning	4.1 Status quo research and benchmarking 4.2 International learnings research 4.3 SWOT analysis 4.4 Strategic research linked to socio-economic improvement objectives or green objectives 4.5 Design, research, and execution of departmental or sub-national governmental strategic plan in the field of a just transition
5. Policy Research and Support	5.1 Research on regulatory and legislative bottlenecks and possible reform 5.2 Research on policy options related to the just transition 5.3 Strategic policy development 5.3 Non research support for policy development related to the just transition

ANNEXURE 6: ENABLING PROJECT INDICATORS

1. Public Servant/public entity or Not for Profit Organisation personnel Training and/or Capacity Building	
Consultation, development and/or implementation of: capacity building, educational enhancement, training and skills development for the purposes of improving the enabling environment for the design and implementation of just transition activities in the public sector or not for profit organisations	Bespoke indicators could possibly amend and use: Global Reporting Initiative, GRI Sustainable Standards (GRI 404-2); Global Indicator Framework for the sustainable Development Goals and targets of the 2030 Agenda for sustainable Development (C40401-C200306)
2. Government/ Government Agency /NGO Administrative and Process Development	
Consultation, diagnosis, analysis, recommendations and/or implementation of activities that improve government, government agency and/or NGO administration and processes related to just transition project development or implementation	Bespoke indicators could potentially cover indicators related to: research reports, diagnostic reports, processes design, roll out of new and or improved processes, measures of efficiency gains or output improvements, knowledge products produced
3. Project Development and Project Preparation	
Assistance provided to support just transition project development and project preparation	Bespoke indicators could potentially cover indicators related to: number of projects and value of assistance made available for project design assistance; number of projects and value of assistance made available for project planning assistance; number of projects and value of assistance made available for technical assistance; number of projects helped to access finance; number of projected and value of assistance for institutional and execution development
4. Strategic Planning, Policy Research and Support	
Personnel and financial assistance provided to support policy and strategic research and planning in support of improving the enabling environment for just transition project development and implementation	Bespoke indicators could potentially cover indicators related to: research completed, units supported, processes supported, planning documentation developed, planning processes developed

ANNEXURE 7: JUST TRANSITION PLUS QUALIFYING CRITERIA

To qualify as a JT+ a transaction will need to meaningfully empower previously disadvantaged people. This could be achieved by:
1. Ownership of productive assets, intellectual property or shareholding in an entity by workers, communities or other vulnerable groups.
2. Representation of workers, communities or other vulnerable groups in the management structures of enterprises.
3. Novel means identified in the community engagement process. This could include new business models, new SPV or the like.

APPENDIX SOURCES

Common Output and Result Indicators for the Just Transition Fund. Available at https://www.eumonitor.eu/9353000/1/j9vvik7m1c3gyxp/vllqc884x2zh

Global Indicator Framework for the Sustainable Development Goals and Targets of the 2030 Agenda for Sustainable Development. Available at https://unstats.un.org/sdgs/indicators/Global%20Indicator%20Framework%20after%202023%20refinement_Eng.pdf

Global Impact Investing Network IRIS+. Available at https://iris.thegiin.org/metrics/?gad=1&gclid=EAIaIQobChMIy7KNhsWN_wIVk-dRCh3lGQLzEAAYASAAEgI6o_D_BwE

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