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Emerging analysis

Country platforms for climate action

Something borrowed, something new?

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Key messages

The announcement of South Africa's Just Energy Transition Partnership at the 26th UN Climate Change Conference of the Parties (COP26) in 2021 has fuelled interest in establishing 'country platforms' to accelerate action on climate change.

A country platform is widely understood to be a government-led partnership that aligns international and national goals, thereby unlocking international finance (public and potentially private) to support a step change in climate action. Beyond that, different actors use the term 'country platform' in very varied ways.

We offer a new taxonomy to understand how specific visions for a country platform might compare, and to explore how comparable political deals could enable decarbonisation of other sectors and countries. We chart past initiatives and prospective opportunities based on the scale of their goals (from narrow to broad) and type of financing involved (from mostly public to mostly private).

Drawing on decades of development cooperation, we conclude by offering lessons for climate-oriented country platforms on three fronts: (i) securing and maintaining political agreement; (ii) coordinating public finance from multiple donors; and (iii) harnessing private investment.

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Acronyms

AfDB	African Development Bank
COP	Conference of the Parties for the United Nations Convention on Climate Change
DFI	development finance institution
EPG	Eminent Persons Group
GFANZ	Glasgow Financial Alliance for Net Zero
GFF	Global Financing Facility for Women, Children and Adolescents
GoSA	Government of South Africa
G7	Group of Seven
G20	Group of Twenty
HIPC	Highly Indebted Poor Countries
IMF	International Monetary Fund
JETP	Just Energy Transition Partnership
NAP	National Adaptation Plan
NDC	Nationally Determined Contribution
PCC	Presidential Climate Commission
PPF	project preparation facility
PTSMI	PT Sarana Multi Infrastruktur (Indonesia's national development bank)
REDD+	reducing emissions from deforestation and degradation (agreement)
SDGs	Sustainable Development Goals
SIO	SDG Indonesia One

Executive summary

Among the many initiatives announced as part of the 26th UN Climate Change Conference of the Parties (COP26) in 2021, few generated as much interest as the Just Energy Transition Partnership (JETP) between South Africa and a handful of Group of Seven (G7) members. Through this deal, the international community committed around US$8.5 billion to support the Government of South Africa to decarbonise its energy sector, which is dominated by coal and weighed down by a debt-laden state power company – Eskom. Though many of the details of the JETP are still emerging, the announcement has raised hopes of similarly ambitious deals being struck in other countries such as India and Indonesia, as well as for other aspects of climate action such as adaptation and resilience.

For many, the JETP is now the leading example of a 'country platform' for climate action. The objective of this note is to unbundle the concept of a country platform and advance the conversation on how country platforms could support global ambitions for emission reductions (in line with holding temperatures to well below 2°C, preferably to 1.5°C above pre-industrial levels), but also national goals to deliver economic growth, jobs and reliable, affordable energy. The paper draws on preliminary lessons learnt from the South African JETP (recognising that the terms of the deal have not yet been finalised, let alone implemented) as well as from development cooperation more broadly.

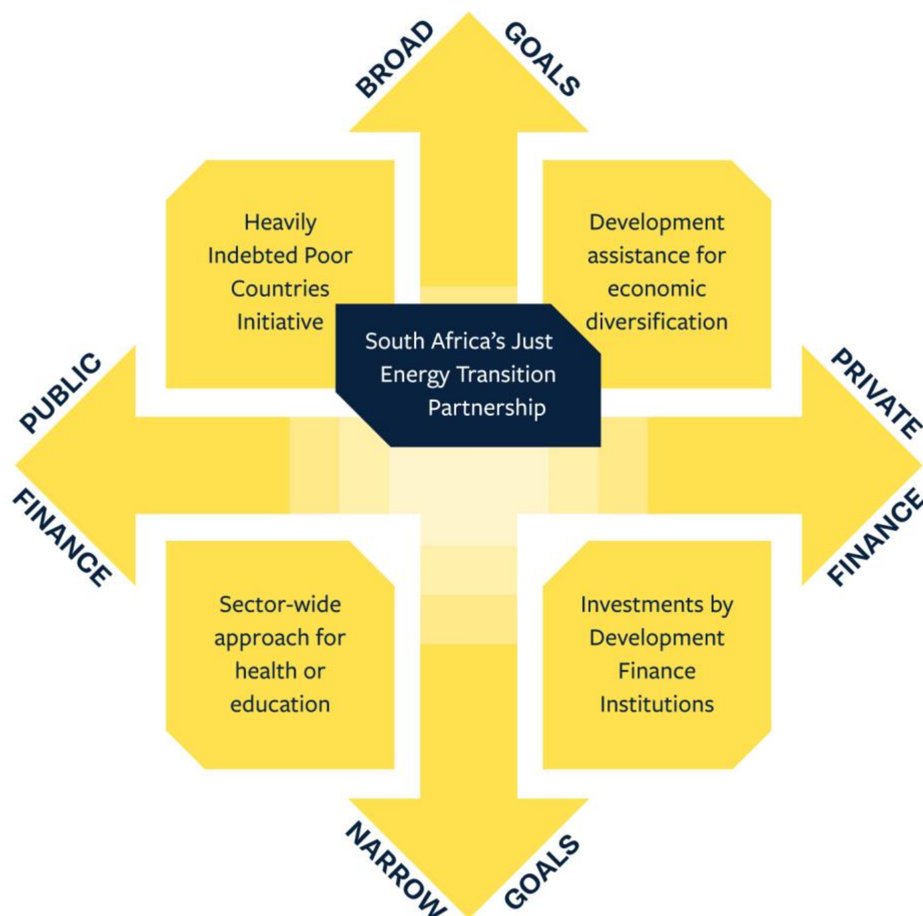
What is a country platform?

In broad terms, a 'country platform' is a government-led, multi-stakeholder partnership that is used to attract and coordinate international public finance in support of common goals. More simply, it is a vision for how international cooperation on development and climate change could (or should) be organised at the country level. Though there are significant overlaps between the different visions on offer, there are also important differences. For some commentators, country platforms offer an opportunity to address the long-standing concerns with development effectiveness; for others, it is a chance to strengthen the global financial architecture, connect private investors to bankable projects, or accelerate the delivery of global public goods in developing economies and emerging markets.

Being clear about the purpose of a country platform is important because different goals will have implications for how they are organised. One way to differentiate between these visions, and to compare them against past experiences with international

development cooperation, is to group them using a simple taxonomy (see Figure ES1). First, while some visions target broad, economy-wide goals, others have more narrow objectives linked to a sector or even individual assets or policies. Second, while some visions are concerned mainly with raising and deploying public finance, others concentrate on mobilising private finance by creating the enabling environment or de-risking projects.

Figure ES1 A taxonomy for country platforms



Source: Authors

The JETP is pursuing an intermediate-level goal to phase out coal power generation and support the deployment of clean technologies in a way that stimulates growth and supports the communities that would otherwise be negatively affected by the transition. This approach elevates the intervention from discrete energy infrastructure projects like those traditionally supported by many development finance institutions (DFIs) and multilateral development banks, but is more targeted than a partnership supporting the delivery of South Africa's Nationally Determined Contributions in full. While the JETP will require concessional public finance to help compensate and support the 'losers' created by the early retirement of coal power plants, it is expected to pave the way for scaling up private sector investment in cleaner forms of energy as well.

How will country platforms support climate action?

To be successful, a country platform inspired by the model of the JETP will need to: (i) coordinate national politics and international interests behind a shared plan/goal; (ii) align international concessional finance behind this shared plan; and (iii) deliver a genuine step change in climate action.

To effectively perform these functions, country platforms will also need some basic features, as follows (see also Table ES1):

- A credible political agreement between the government and its international partners to address an issue of shared concern. This provides the basis for a national policy response and for the international community to release significant additional resources to accelerate the necessary reforms.
- A programmatic approach to financing and delivering on a specific problem (like delivering a just transition to a clean energy system) embedded within a broader decarbonisation strategy. A credible plan, effective coordination structures and a means to pool financing from different donors will be needed to avoid the incoherence and high transaction costs that typify the current climate finance landscape.
- Strategic support to tackle barriers holding back projects and finance for private sector investment in low-carbon and risk-reducing actions. A country platform for climate action like South Africa's must shift parts of the economy onto a less carbon-intensive or more climate-resilient trajectory, and this requires scaling up private sector investment in clean energy and other climate solutions.

Table ES1 Functions of a country platform for climate action

What are the functions of a country platform?		
1. Coordinate national and international political interests behind a shared plan 2. Align concessional finance behind the shared plan 3. Deliver a step-change in climate action		
What features support those functions?		
(i) *A credible political agreement* between the government and its partners to address an issue of shared concern	(ii) *A programmatic multi-stakeholder approach* to a specific problem using a significant package of concessional public finance	(iii) *Strategic support to scale up private sector investment* and transform key parts of the domestic economy

Source: Authors

Political agreements like the one underpinning the JETP are likely to emerge unevenly across countries, and country platforms will need to be structured to reflect the specific problems they seek to address and the context in which they operate. The current focus of the international community is mostly on phasing out coal power and supporting renewable deployment in large middle-income countries, which is why there are prospective deals being discussed for India and Indonesia. However, there are already suggestions that country platforms could support other action on energy, land use and ecosystems, industry, and urban and infrastructure systems – all of which will be needed to maintain global temperatures within 1.5°C of pre-industrial levels – as well as for adaptation (IPCC, 2018).

Using the typology described above can help illustrate how the changing goals and context will shape the country platform. Supporting a country like Nigeria to reduce its dependence on oil exports would represent a much broader reform goal (involving changes across many areas of the economy) than it would in a more diversified economy like Viet Nam. However, in general, a country platform for energy transition will have greater potential to mobilise private sector investment, while a platform supporting sustainable land use will rely mostly on concessional public finance to achieve its objectives.

Lessons from development cooperation

While it is rare to find examples that combine all three features of a country platform, the international community has considerable experience supporting political deals, implementing programmatic approaches to development cooperation and unlocking private sector investment. The paper offers lessons for each element using the broader literatures on development effectiveness, private infrastructure investment and industrial policy, as well as what is known publicly about South Africa's JETP.

Securing and maintaining political agreement
Being able to connect domestic priorities with international climate goals in a credible agreement between the national government and its major donor partners will be a critical test for all country platforms. The direct engagement between the G7 members and South Africa was instrumental in getting the JETP agreed and was unlikely to have been achieved through the multilateral system, for example being initiated through the World Bank. With a precedent now being set by the JETP and attention turning to prospective deals in other countries, there may be ways to establish a more predictable architecture that can respond to similar opportunities as they arise – echoing the experiences with the Heavily Indebted Poor Country (HIPC) Initiative, which formalised a framework and process for granting debt relief to the world's poorest countries.

However, experience with budget support suggests that it can be difficult to maintain political commitment from governments or donors, as personalities and priorities change. It is also common to see goals

broadening/evolving as more stakeholders become involved and lobby for their own priorities. There are technocratic solutions that can help reduce these risks, such as pooled funding arrangements or results-based payments, but deals are more likely to be sustained if there is continued political attention and the objectives of the country platform genuinely align with international goals, elite interests and broader public aspirations (Balchin et al., 2019; Chemouni, 2018; Pritchett et al., 2017).

Coordinating public finance to address a specific problem

A common theme in all visions for country platforms is the desire to support a more programmatic approach to reduce the transaction costs associated with fragmented projects. Relevant proposals have already been made by the Task Force on Access to Climate Finance (2021) drawing on the long-standing principles of development effectiveness. There is also good evidence that budget support and sector-wide approaches can enhance donor coordination and raise the impact of development assistance. Multi-donor funds are another approach that gives donors greater visibility and control over how funds are used, but these are often criticised for being slow to disburse or for restricting country ownership.

Two aspects of coordination are particularly worth highlighting for future country platforms. First, coordination requires a credible reform plan, yet planning for high-profile reforms affecting large parts of the economy is inherently challenging and tends to be made more difficult when there are large numbers of donors involved. Second, donor coordination structures need to avoid becoming too big to support decision-making and too focused on donor processes. Ways to manage these risks include clearly defining the specific goals of a country platform, using pooled funding and country systems, building on existing initiatives with strong political backing, improving the quality of stakeholder consultation, and strengthening central government departments like the office of the president or prime minister.

Harnessing private sector investment

A structural shift towards less carbon-intensive economic activities will depend on creating the conditions and incentives that enable the private sector to pursue low-carbon activities, and that discourage high-carbon activities. Delivering on this promise will require governments and their development partners to: (i) develop mechanisms for information exchange and dialogue between the government and the private sector; (ii) create enabling conditions for private sector investment; and (iii) build a pipeline of ‘bankable’ projects – that is, projects with an acceptable risk/return profile for investors and lenders.

A government needs to communicate where its investment priorities lie, improving visibility and sending clear market signals for investment. One way to do this is through the development of an investment plan like the one suggested in the Action Plan for South

Africa's JETP Taskforce (GoSA, 2021). Country platforms will also need to facilitate feedback from the private sector to policy-makers. Through these mechanisms for dialogue, domestic policy-makers and their development partners can work systematically to create the investment conditions needed to mobilise private capital at scale for a low-carbon transition or to enhance climate resilience.

Where the operational experience to design, build and operate projects is limited, platform participants may find it difficult to turn project ideas into a pipeline of well-prepared, bankable projects. Scaling up project development and preparation support is an important part of the solution, provided it can be made accessible to investors and connected to government commitments (for example, quotas for renewable energy).

Recommendations for other potential country platforms

- *Secure political agreement*. Country platforms must be anchored in a political deal – written or unwritten. The feasibility of a country platform approach largely depends on whether there is genuine political commitment by the potential host government and its development partners to tackle a clearly defined set of interrelated goals. This commitment is essential to negotiating and maintaining a predictable and flexible resource envelope from donor partners to support a country-led low-carbon development plan.
- *Build effective partnerships.* In forming a platform, one of the first steps is to identify areas of common interest as well as potential conflicts among prospective participants with respect to the platform's vision. All partners should have a stake in the outcome of the platform. The host government should also be strategic in using the platform's financing and avoid wasting scarce grants and concessional funds on projects that are potentially attractive to the private sector with the right interventions – be they policy, regulatory or financial.
- *Learning from frontrunners.* As the first country platform for a clean energy transition, South Africa's JETP is effectively the baseline. The process for reaching the political declaration, the emerging coordination structures, the ongoing negotiations of the financial terms of the deal, and even the sequence of activities are all worth interrogating to see what worked well and what could potentially be done better. As other country platforms emerge, they will offer further opportunities for learning.
- *Tailor to each country.* Other countries should not expect to simply replicate the South African JETP. Each country's path to decarbonisation and development will be distinct. Country platforms should, accordingly, be based on problems and solutions that are context specific and informed by the country's existing capabilities. Differences in the political

environment, economic structure, drivers of emissions and policy landscape are likely to require different structures and mechanisms to achieve broadly similar goals.

- *Prioritise carefully.* A country platform is unlikely to be a realistic model for all climate actions. The host government and its potential partners should carefully consider whether a proposed country platform adds value in terms of ensuring country ownership, greater donor and policy coordination, a focus on national priorities, and significant financial and advisory support.
- *Strengthen national capacity.* Delivering an ambitious reform agenda like the one envisaged in the JETP is challenging for any government and requires investment in different capabilities. Strong central government departments are needed to negotiate with donors and to support coordination across departments and agencies. The government will also need specific knowledge and capacity to engage with the private sector and develop an effective investment pipeline.
- *Create an enabling global architecture.* Ambitious climate goals like a clean energy transition are likely to require solutions that lie well outside the boundaries of the country platform. Where possible, country platforms should be connected to regional and global efforts to improve the international financial architecture to deliver more and better climate finance. This would raise the impact of a country platform but also create broader opportunities to drive the transformative changes needed to address global warming.

1 Introduction

With the devastating impacts from the Covid-19 pandemic and climate change becoming increasingly apparent around the world, there are calls for a new approach to international cooperation to accelerate the delivery of critical global public goods like climate action, peace and security, and public health. ‘Country platforms’ are being proposed by numerous development actors as a means to scale up, coordinate and significantly enhance the impact of international finance for these critical issues (Carney, 2021; EPG, 2018; Sembene et al., 2022).

Use of the term differs, but a ‘country platform’ is essentially a voluntary, multi-stakeholder partnership led by a national government that links international goals to in-country political priorities, thereby both securing and directing international public finance. Understood in this way, a country platform is an extension of existing ideas to improve development effectiveness in a country or sector where there are multiple development partners providing support to the government. It reflects a desire to raise the impact of international cooperation by enabling country ownership and coordinating fragmented financing mechanisms, project goals and partner interests.

The current debate does, however, reflect some more specific concerns. The original proposal for country platforms from the Group of Twenty (G20) Eminent Persons Group on Global Financial Governance was intended to enhance the coordination of international financial institutions at the country level, but these ideas had limited traction beyond pilot projects led by the World Bank (Malpass, 2019; EPG, 2020; Kelly and Papoulidis, 2022). More recently, there has been a growing focus on the delivery of global public goods, and particularly the investments needed to tackle climate change (Plant, 2020; Sembene et al., 2022). Among the many important announcements at COP26 was a call for country platforms to harness the growing appetite in the private sector to finance green investments in emerging markets and developing economies (Carney, 2021).

Arguably most enthusiasm for country platforms to address climate change was generated by the announcement of South Africa’s Just Energy Transition Partnership (JETP). Seen by some as an exemplar or pioneering country platform that could support a step change in emissions reduction, the JETP is a partnership between the Government of South Africa and several high-income country

governments to accelerate South Africa's transition to a cleaner energy system. While the JETP is still in the process of being operationalised, the initial Political Declaration included a pledge of around US$8.5 billion in financing in return for a commitment by the South African government to rapidly decarbonise the country's energy system (GoSA, 2021). The JETP has raised calls for similar deals to be agreed with other middle-income countries.

If successful, the South African partnership will lead to a country platform that links international climate goals to domestic political priorities such as economic growth and job creation – and will help deliver change at the scale needed to achieve the temperature goals of the 2015 Paris Agreement. This would also offer a partial solution to the many challenges identified with existing mechanisms for climate finance, which are often slow, complex, resource intensive and highly projectised, offering a fragmentary response to partner countries' needs and an artificial separation between climate and development requirements that is not meaningful at the country level (Pickering et al., 2017; Roberts et al., 2021).

At the same time, there is considerable uncertainty surrounding the South African 'deal' and a healthy scepticism about the potential value added by country platforms. Past partnerships to coordinate official development assistance behind government-owned plans have often fallen short of expectations due to shortcomings both at the country and global levels; issues such as divergent goals, declining donor influence and dissatisfaction with the mechanisms used to support financial alignment (such as budget support and pooled trust funds) are all well documented. This scepticism also stems partly from the considerable confusion over what a platform is and what it should do, with different groups using the idea of a 'country platform' to reflect their own goals and interests.

The objective of this paper is to unbundle the concept of a country platform and advance the conversation on how country platforms could support global ambitions for emission reductions (in line with holding temperatures to well below 2°C, preferably to 1.5°C above pre-industrial levels), but also national goals to deliver economic growth, jobs and reliable, affordable energy. The paper draws on preliminary lessons learnt from the South African JETP (recognising that the terms have not yet been finalised, let alone implemented) as well as from development cooperation more broadly.

The rest of the paper is organised as follows. Section 2 explores the purpose of a 'country platform' and its role in accelerating action on climate change. It offers a taxonomy that can help compare different visions for country platforms and relate them to historical initiatives to raise the impact of international development cooperation. It proposes three basic features of a country platform: (i) a political 'deal' that aligns international and national interests in order to raise large-scale concessional financing; (ii) a means to coordinate international and national financing to address a specific problem,

such as decarbonising energy supply; and (iii) support to unlock private sector investment to encourage a green transition in a specific sector of the economy. This also means that country platforms will emerge unevenly across countries and will look different depending on the problems that each seeks to address.

Section 3 uses the general features of a country platform to look for lessons from the history of international development and from the JETP in South Africa. It finds that unlocking significant donor financing will be easier if there's direct engagement between major donor countries and recipient country governments, but that it can be difficult to maintain common interests (and trust) over time. It argues that the opportunities for supporting a programmatic approach using financing from different donors are relatively well known, but that specific approaches will be needed to improve the coordination of private sector investment in particular.

Section 4 summarises the key arguments of the paper. It reviews the goals of country platforms and the relevant lessons from international experiences. It concludes with some more general reflections and recommendations for governments and development partners who are interested in advancing country platforms for climate action.

Box 1 Useful terms and definitions

Blended finance: This involves the use of concessional development finance to mobilise additional private commercial finance, typically with expectations of having a positive impact on economic or social development (Attridge and Engen, 2019).

Concessional finance: This is provided in the form of grants or as loans with repayment terms below the market rate. It is most commonly associated with official development assistance (Greenhill et al., 2013).

Development effectiveness: This is a concern with increasing the impact of official development assistance and has been closely associated with the principles set in the 2005 Paris Declaration, 2008 Accra Agenda for Action, 2011 Busan Partnership and Nairobi outcome document of the Global Partnership for Effective Development Cooperation. These principles include: a focus on results, national ownership of development priorities, inclusive partnerships among development actors, and transparency and accountability between different actors.

Development finance institutions: National and international development finance institutions are specialised development banks or subsidiaries set up to support private sector development in developing countries. They are usually majority owned by national governments and source their capital from national or international

development funds or benefit from government guarantees (Attridge and Gouett, 2021).

Industrial policy: This involves government actions to alter the structure of an economy, encouraging resources to move into particular sectors that are perceived as desirable for future development (Rodrik, 2019). Industrial policy is concerned with the structural transformation of economies and not just manufacturing industries as sometimes is the case. There is a growing call for green industrial policies that affect the structure of economic production, with the aim of generating environmental benefits.

Programmatic approach: This involves a coherent intervention – usually run over several years – that enhances the overall impact of individual projects, policy changes or institutional reforms in relation to a specific goal (Task Force for Access to Climate Finance, 2021).

Structural economic transformation: This is the process of: (i) moving labour and other resources from lower- to higher-productivity sectors (structural change); and (ii) raising within-sector productivity growth (McMillan et al., 2017).

2 What is a 'country platform'?

There are several visions for country platforms being offered by different groups. All of them share some basic elements – they are voluntary, government-led, multi-stakeholder partnerships used to attract and coordinate international public finance in support of common goals. These functions are clearly building on the existing architecture for development cooperation and established principles for development effectiveness. On the other hand, each vision interprets the idea of a country platform differently and their authors often distance their proposals from past initiatives to enhance donor coordination at the country level.

What is new about the idea of a country platform? What would a successful country platform achieve that past initiatives have not? And how does this fit with the broader international effort to address climate change? In this section, we review prominent ways that the term has been used, compare these different applications, and offer a taxonomy to understand where different visions for a country platform might sit.

2.1 Where did the idea come from?

There are, broadly speaking, three origins for the current discussions of country platforms: (i) a renewed concern with development effectiveness; (ii) the G20 Eminent Persons Group on Global Financial Governance; and (iii) South Africa's Just Energy Transition Partnership. There are shared concerns across these groups, but also different emphases among them.

First, the term 'country platform' is sometimes used generically within international development circles to refer to country-level structures for development cooperation. This framing emphasises the importance of national ownership, a cooperative approach and coherent financing to address complex problems (GFF, 2020; WVI, 2016). These discussions are often linked to the challenges of delivering the Sustainable Development Goals, which are widely considered to be more ambitious and require a more joined-up approach than the Millennium Development Goals that preceded them.

Country platforms are not particularly new if one is using a development effectiveness lens, even if their design and implementation could be strengthened. In the health sector alone,

there has been a wide range of initiatives that aim to improve the quality of cooperation between governments, development partners and civil society groups. Most of these initiatives were (or are) intended to improve the effectiveness of development assistance, and there is good evidence from past experiences that they are helpful (Orth et al., 2017; Woode et al., 2021).

Second, the G20 Eminent Persons Group on Global Financial Governance proposed international, regional and country-level platforms in 2018 as a means to improve the cooperation of multilateral development banks as a group and with other development actors (EPG, 2017; EPG, 2018; EPG, 2020). Their proposal has inspired several articulations of country platforms to serve different goals:

- to improve development effectiveness in fragile states (Kelly and Papoulidis, 2022)
- to help deliver global public goods, including international action against climate change (Plant, 2020; Sembene et al., 2022) and
- to mobilise significant levels of private investment in order to support the global economic transition to 'net zero' (Carney, 2021; GFANZ, 2021).

None of these ideas has been fully implemented, but they offer important proposals to strengthen financial support for some of the most challenging questions in international development.

Third and finally, since 2021, there has been an interest in supporting country platforms that will help deliver a step change in action against climate change, focusing on energy transition in middle-income countries. This interest has been inspired by the JETP agreed between the Government of South Africa and several G7 members ahead of COP26 in 2021 (see Appendix 1). The details of this partnership are a work in progress, but there are a number of features that make this deal significant. These include the political nature of the arrangement, the concessional funds for decommissioning stranded assets and supporting a just transition, and the emphasis on enabling low-carbon private sector activity. If successful, the JETP has the potential to accelerate the transition of a major carbon emitting economy away from coal power to cleaner forms of energy. There are also prospects of similar deals emerging in other countries such as India, Indonesia, Vietnam and Senegal (Hanawa, 2022).

2.2 Comparing interpretations of country platforms

The different interpretations of a country platform – and examples used to illustrate them – have a lot in common, including:

- They should provide a means to align actions of multiple stakeholders behind a common objective.

- They should provide a vehicle to support transformational changes from the status quo, mostly linked to the Sustainable Development Goals and major risks to the global commons.
- They should aim to raise international financing for national-level services and investments in a way that goes beyond specific projects to support a more ‘programmatic approach’.
- They should support country ownership (with most equating ownership with government priorities) and reflect differences in national context.
- They are more likely to be effective if they are accompanied by reforms to international institutions and financing mechanisms at the global level.

These areas of overlap provide the basis for identifying and developing core functions that a country platform will need to support.

On the other hand, there are also significant differences between the visions on offer, which are likely to shape how country platforms operate in practice. The visions often refer to different:

- challenges (health services, climate change, Sustainable Development Goals, etc.)
- country groups (middle-income countries, fragile states, etc.)
- international actors (multilateral development banks, bilateral donors, DFIs, private sector coalitions, etc.) and
- financing types (development cooperation, humanitarian assistance, private sector investment, etc.).

Some visions imply that a country platform may be used to tackle all of these problems simultaneously, though this looks unlikely in practice. Restoring peace and development in Somalia is clearly a very different challenge to decarbonising the power sector in South Africa or reducing deaths from malaria in Malawi. Any discussion of country platforms therefore needs to recognise that there are different interpretations of the idea, and drill down into the particular objectives, governance arrangements and financing sources associated with that definition. Understanding the specific roots and framing of a country platform will enable its proponents to draw on relevant experiences from the past.

2.3 A taxonomy for country platforms

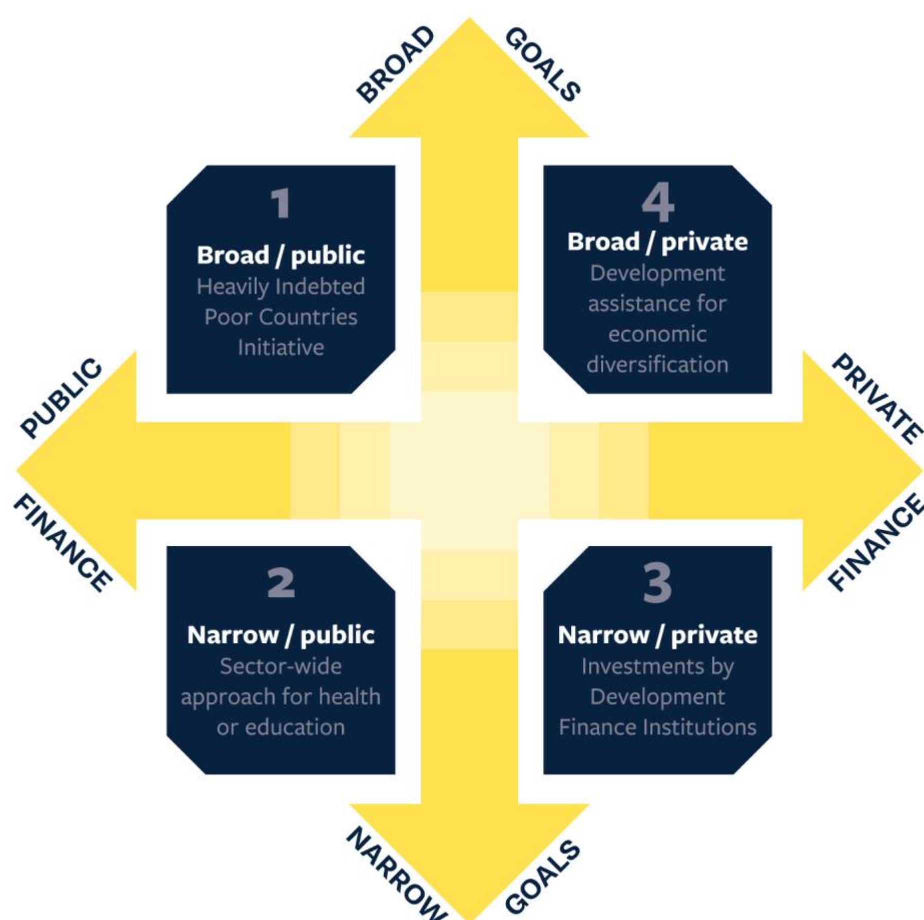
Given these disparities, there is a need for a simple classification system so stakeholders can understand how specific visions for a country platform might compare. One way to help situate these different ideas is to consider the *breadth of the goals* that a country platform will support and the relative emphasis on *public and private finance*, as depicted in Figure 1.

On the vertical axis, the *scope of goals* measures the platform’s level of ambition. Broad goals imply financing is needed to support

economy-wide reforms, for example, as envisaged in a national development plan. Narrower goals would target a specific sector (e.g. health), sub-sector (e.g. maternal and child health) or policy objective (e.g. tackling malaria).

On the horizontal axis is a continuum between *public and private finance*.[1] Public financing mainly involves government spending and concessional international financing such as official development assistance (ODA). On the other hand, a country platform might focus predominantly on steering private investment to support a policy goal, including through the use of concessional public finance to de-risk specific types of investments, combined perhaps with direct government action to improve the regulatory environment.

Figure 1 A taxonomy for country platforms



Source: Authors

This simple taxonomy, as illustrated in Figure 1, groups a few well-known examples of development cooperation into four boxes:

1. *Top left (broad goals with public finance).* Initiatives in this box support broad public policy goals using public finance. They

[1] In this paper, the 'private sector' refers to commercial and institutional investors who make investment and lending decisions based on a project's commercial viability, and not philanthropy.

might include the Heavily Indebted Poor Country (HIPC) Initiative, multi-donor budget support arrangements (Orth et al., 2017), or the Somalia Compact (Manuel and McKechnie, 2017), which is sometimes used as a model example of a country platform for a fragile state.

2. *Bottom left (narrow goals with public finance).* Though they have a lot in common with the top left box, these initiatives focus on more limited goals at the sector level or below. Sector-wide approaches (SWAps) fit here, as do more specific coordination mechanisms such as the Global Financing Facility (GFF) country platforms.
3. *Bottom right (narrow goals with private finance).* This box captures initiatives that aim to mobilise private investment to achieve policy goals at a sector (or project) level. Most support from DFIs would fit here, as would various publicly financed project preparation facilities that aim to develop bankable, investment-ready projects to attract private investors.
4. *Top right (broad goals with private finance).* No stand-out examples are available for the top-right quadrant, which envisions the achievement of broad development goals via (mostly) private investment. However, this could include more general experiences with industrial policy, which is widely used by governments to stimulate private investment in specific economic activities and is sometimes supported by international development assistance.

The visions for country platforms currently offered are generally linked to broad, rather than narrow, goals. Nearly all also mention the important role of private finance, although some place more emphasis on this than others. The World Bank's vision for country platforms in fragile states clearly sees public finance playing a predominant role, for example, while the Glasgow Financial Alliance for Net Zero's (GFANZ's) vision for country platforms for climate action seeks primarily to mobilise private finance.

In summary, there are some common themes which may form the basis of a generic definition for country platforms – i.e. multi-stakeholder partnerships that help raise and coordinate international finance behind shared goals. Most visions acknowledge that country platforms will work better with strong national ownership and reforms to strengthen the global governance of international finance, while seeing an important role for the private sector. Yet the definitions and taxonomy above demonstrate that there are different interpretations of the objectives, governance structures and financing arrangements underpinning country platforms. Given the appetite to deliver and replicate the South African JETP, it is worth unpacking how these debates might play out in country platforms for climate action.

3 How will country platforms support climate action?

Having described some of the different interpretations of country platforms, this paper now turns particularly to country platforms for climate action. Inspired by the JETP, it offers a vision for country platforms that support low- and middle-income countries to achieve the structural transformation necessary to meet human and economic development goals while reducing emissions and enhancing resilience to climate impacts. Given the emerging characteristics of the JETP, it also offers insights and lessons for a successful country platform using the literature on development effectiveness (left side of the taxonomy in Figure 1), private infrastructure investment (bottom-right quadrant) and industrial policy (top-right quadrant).

3.1 What characterises a country platform for bold climate action?

In general terms, a country platform for climate action is a multi-stakeholder partnership led by the national government that links international mitigation and adaptation goals to in-country political priorities, thereby both securing and directing international concessional finance. When successful, most commentators agree that a country platform inspired by the JETP should:

- coordinate national politics and international interests behind a shared plan/goal
- align international concessional finance behind this shared plan and
- deliver a genuine step change in climate action.

Country platforms are most likely to work in this way if they have some basic characteristics. First, there needs to be a credible political agreement between the government and its international partners to address an issue of shared concern. This provides the basis for a national policy response and for the international community to release significant additional resources to accelerate the necessary reforms. Second, the financing needs to move away from specific projects or transactions to more programmatic support for decarbonisation and adaptation, to support the scale of changes needed and reduce the administrative burden of a multi-stakeholder

intervention. Finally, the country platform should strategically engage the private sector to tackle barriers holding back projects and finance for private sector investment in low-carbon and risk-reducing actions.

Table 1 Functions of a country platform for climate action

What are the functions of a country platform?		
1. Coordinate national and international political interests behind a shared plan 2. Align concessional finance behind the shared plan 3. Deliver a step-change in climate action		
What features support those functions?		
(i) *A credible political agreement* between the government and its partners to address an issue of shared concern	(ii) *A programmatic multi-stakeholder approach* to a specific problem using a significant package of concessional public finance	(iii) *Strategic support to scale up private sector investment* and transform key parts of the domestic economy

Source: Authors

The emphases on a political deal, a coordinated multi-sector response to a specific problem and a concern with shifting private investment to enable a broader economic transition distinguish a country platform from the more general debates on development effectiveness. Each element is discussed briefly in turn, with reference to the JETP – which is currently the most promising embodiment of a country platform for climate action.

Supporting a political deal

A country platform for climate action is first characterised by the political nature of the partnership. While all development cooperation is political, development agencies have often been criticised for being too technocratic in the way that they approach major policy reforms and governance (Andrews, 2015; Booth and Unsworth, 2014; Dijkstra, 2011; Teskey, 2017). The South Africa JETP currently lacks technocratic detail: at the time of writing, it is a political deal between the South African government and international partners (France, Germany, the UK, USA and the European Union), who recognise the potential to deliver South Africa's domestic political priorities in a way that also advances international climate goals (see Appendix 1 for further details).

South Africa's leaders have long been searching for opportunities to reform the country's debt-laden, state-owned electricity utility and inefficient, expensive power sector to improve its reliability and cost-effectiveness. This can then enable progress towards other national priorities such as job creation and industrial competitiveness.

However, the energy transition is complicated by the country's long-standing coal dependence, meaning that many jobs (especially mining jobs in otherwise deprived areas) and patronage systems depend on coal revenues (Baker, 2017).

The JETP will provide significant international, concessional finance to enable the South African government to drive through contested, but much-needed, reforms to the power sector. The closure of coal-fired power plants and support for renewable generation will drive a fundamental change in the carbon intensity of South Africa's electricity, significantly and permanently reducing emissions within and beyond the country. In this way, the deal delivers against both national political priorities and international climate goals, using concessional finance to manage vested interests and mitigate social trade-offs.

Such a mutually beneficial partnership is necessary in a country like South Africa, where international finance makes up a relatively small share of government revenues. The US$8.5 billion proposed through JETP is less than 8% of budgeted revenues in South Africa in 2022/23 or around 2% of gross domestic product (GDP). This limits the power that international donors have to influence government policies to align to international agendas. Hence, there must be clear mutual benefit to secure genuine buy-in from the government administration and its partners.

Coordinating a multi-sectoral response

A country platform is also characterised by a programmatic approach to addressing a specific problem. The South African JETP has an ambitious but relatively well-defined goal. It does not seek to finance the country's whole National Development Plan or Nationally Determined Contributions (NDCs), but nor does it narrowly finance the decommissioning of a coal-fired power plant or the incremental cost of a solar farm. Rather, it promises international financial support and technical assistance for the decarbonisation of South Africa's power generation. This support will potentially cover the retirement of coal assets; improve the financial sustainability of South Africa's debt-laden state-owned utility (Eskom); help affected workers and communities; and facilitate investment in renewable generation and other clean technologies, as well as infrastructure for energy transmission and distribution.

It is not yet clear how the JETP will deliver a programmatic approach to these problems or how financing responsibilities will be shared between partners. South Africa and other non-Annex II countries (which are eligible for international climate finance)[2] will be hoping that the adoption of country platform approaches will shift climate finance disbursal from a fragmented, project-based methodology

[2] The UNFCCC divides countries into three main groups according to their different commitments. Annex II Parties are industrialised countries that were members of the OECD in 1992, excluding those countries that had economies in transition, and have special financial responsibilities. Non-Annex II countries are essentially those eligible to receive international climate finance. See: https://unfccc.int/parties-observers

towards a more coherent, programmatic approach. There are some examples of programmatic climate finance or South Africa-style ‘deals’ for emission reductions in middle-income countries over the last two decades, such as the Clean Technology Fund’s investments in energy efficiency in Turkey and Guyana’s REDD+ (reducing emissions from deforestation and degradation) agreement with Norway. However, these tend to be exceptions and have not tackled such contested issues as early retirement of major assets.

On this front, the climate community may be able to learn from development practitioners, given their experience with poverty reduction strategy papers, sector-wide approaches and other development programmes that provide finance for a related bundle of interventions and reforms.

Reshaping private investment and the economy

Finally, a country platform is distinguished by the roles that public and private finance will play. Significant public (concessional) funds are needed to broker a deal of this nature, given the public good characteristics of climate action, while external, affordable finance can also incentivise bold action on climate change in the face of vested interests and create fiscal space to compensate the ‘losers’ from the low-carbon transition.

However, a country platform like South Africa’s is intended to shift an economy on to a less carbon-intensive or more climate-resilient trajectory, so success depends on its ability to raise or steer private sector investment at scale. This aim goes beyond long-standing discussions on how to effectively use public finance to mobilise private finance for individual projects (i.e. blended finance). It has more in common with international efforts to support governments to develop industrial policies and programmes that will stimulate private investments in new sectors and activities, thereby fundamentally altering the structure of the economy.

In the case of South Africa’s JETP, for instance, renewable energy (in particular, wind and solar power) is now a commercial proposition compared to fossil fuels in the country (Doorga et al., 2022), and is already attracting foreign and domestic private investment. There is therefore little need for international concessional resources to mobilise renewable investment through a blended finance package. Instead, direct government action to improve the sector’s regulatory environment and Eskom’s governance will be critical to remove some of the barriers to investment in renewable energy, the political and economic costs of which can be partially mitigated through international concessional finance that compensates the ‘losers’.

3.2 What might other country platforms for climate action look like?

While the discussion so far has focused on critical features of a country platform for climate action, it is strongly influenced by the early experiences with the JETP. However, the JETP reflects the

specific context of South Africa, which means it may not be easily replicated for other countries and issues. This section considers the importance of adapting just transition partnerships to the particular priorities and political economies of each country. It then looks at the prospects for developing country platforms that support other actions needed to limit global warming.

Adapting to different country contexts

Each country is characterised by its own political economy, dictating the likelihood that a political agreement can be reached, sustained and delivered. This is true for national-level politics in general, but also for each specific policy domain (Kelsall et al., 2021). These highly context-specific political economies will determine where, when and how reforms are feasible to support decarbonisation or adaptation. They will also shape which governance arrangements are needed in a country platform to support the processes for securing, maintaining and delivering on a 'deal' like the JETP. Failures to understand the political economy can lead to disappointment (Benn et al., 2020) or might even undermine a critical sector of the economy (Agu, 2017).

The composition and structure of the domestic economy will also vary across countries. This will influence which deals are likely to emerge. The emergence of the REDD+ agreement for preserving the forests of Guyana is shaped by its natural endowments, just as the deal in South Africa emerged because of its institutional and technological lock-in to coal. However, the structure of the economy will also shape the approach to necessary reforms. For example, the relative success of the Climate Investment Fund's support to energy efficiency in Turkey was achieved by working through leasing companies and commercial banks in an economy that is dominated by small and medium-sized enterprises (SMEs) (Bird, 2021).

Finally, there will be differences in the governance of a sector or economy. These are evident even when the problem is limited to decarbonising the power supply in large middle-income countries. The JETP in South Africa highlights the need to reform Eskom, the struggling state energy provider, as a critical barrier to unlocking the transition to cleaner energy. The International Monetary Fund (IMF, 2022a) recently argued that:

> *Access to green finance is available to South Africa as long as the country can demonstrate a commitment to private sector-led renewable energy production and a full operational overhaul of Eskom—both focused on transforming the country's energy sector. Otherwise, meeting the financing demands of Eskom could be perceived as providing it with resources to maintain its current unsustainable and inefficient operations, and could in fact reduce incentives for green investment and financing by the private sector.*

India and Indonesia also have struggling energy companies and power sectors that depend on coal, but the governance arrangements are different to those in South Africa, as are the structures of their power sectors. In India, for example, nearly half of generation is privately owned, while in South Africa that figure is around 10% (Geddes et al., 2020). Moreover, an energy surplus in Indonesia means that coal power costs are far below international market rates (Heijmans and Murtaugh, 2022). As prospective deals are being explored in new countries, any eventual country platform will need to have a tailored approach to reforms and the way losers are compensated.

Different actions needed to limit and adapt to global warming

As already noted, deals like the JETP in South Africa are most likely to be struck around specific problems. Prospective deals that will establish new country platforms are currently focused on a clean energy transition, and phasing out of coal power in particular.

However, limiting global warming will require significant changes to four interconnected systems: energy, land use and ecosystems, industry, and urban and infrastructure systems. Mitigation options have been explored in the Intergovernmental Panel on Climate Change's Special Report, *Global Warming of 1.5°C* (IPCC, 2018), and a deep dive into hard-to-abate sectors led by the Energy Transitions Commission (2018). It is inevitable that there will be calls for creating country platforms to help tackle these problems as well. Meanwhile, there are already calls for country platforms for climate adaptation, for example, focusing on agricultural resilience and food security (Abimbola and Usman, 2022).

Focusing on mitigation, Figure 2 illustrates where country platforms for different types of climate action are likely to sit on the taxonomy offered in Section 2, given the scale of the problem that they are seeking to address (from economy-wide transformation to sectoral transformation to individual assets and transactions) and the probable role that private and public finance might play.

The application of this taxonomy to prospective country platforms can help set expectations over which interpretation of a country platform is most relevant. For instance, this taxonomy makes it explicit that there is more scope to encourage private investment into renewable energy generation, given the feasibility of generating financial returns from the sale of energy, than forest and wetland conservation, where the benefits are immense but difficult to monetise. Indeed, one of the main reasons that political deals to decarbonise the electricity supply and scale clean technologies in countries like South Africa, Indonesia and India look increasingly feasible is that there is an economic case for the transition and a chance to leverage private as well as public investment (IRENA, 2020). REDD+ has shown that the politics of forest conservation are less conducive to a political deal that can be sustained over time (Benn et al., 2020).

Thus, a country platform focused on an energy transition may need to draw inspiration from the vision offered by GFANZ, with a major role for private finance, while a country platform focused on sustainable land use may more closely resemble the approaches described in the development effectiveness literature, and depend on international concessional finance.

Figure 2 Opportunities for future country platforms to accelerate decarbonisation

Note: EV = electric vehicle

Source: Authors

While the mapping in Figure 2 is broadly representative, the position of issues may vary between countries due to differences in their economic structure or governance arrangements. For example, phasing out oil and gas production might be a ‘broad goal’ with significant macroeconomic and fiscal implications for countries with high dependence on fossil fuel exports, such as Kazakhstan or Nigeria. However, it might be a ‘narrow goal’ for more diversified economies such as Mexico or Viet Nam. Decarbonising steel production might largely involve public finance in countries like China and India, where either corporations have significant state ownership

or many banks are publicly owned. However, private finance might have a larger role to play for steel producers like Brazil or Turkey.

Once again, these country-specific conditions will shape the likelihood that deals can be struck in different contexts, as well as the financing and coordination structures needed to support common global goals in different country settings. Country platforms will therefore need to be tailored to each country in order to tackle their distinctive barriers to low-carbon and climate-resilient development and deliver against specific national priorities in their unique political and institutional contexts.

However, some elements of a country platform will remain the same: (i) the political nature of the deal; (ii) the coordinated focus on a specific opportunity to advance climate action and development; and (iii) the importance of public resources, but also of working in ways that enable private investment where appropriate. In the next section, the paper explores lessons for country platforms from the history of development assistance.

4 Lessons from past initiatives

The interest in JETP and the idea of establishing country platforms to accelerate climate action are relatively new – but many of the underlying principles and concerns are not. The international community has worked with governments in the Global South to support development for decades. The rest of this paper explores lessons from this rich history, using literatures on development effectiveness (left side of the taxonomy in Figure 1), private infrastructure investment (bottom-right quadrant) and industrial policy (top-right quadrant). It relates these to the core features of a country platform for climate action: a political deal that aligns interests behind a specific objective, a programmatic approach to support that goal and a desire to harness private sector investment on a large scale.

4.1 Securing and maintaining political agreement

Being able to genuinely connect domestic concerns with international climate goals in a credible agreement between a national government and its major donor partners will be a critical test for all country platforms.

The South African JETP stands out for its potential alignment of national and international goals. South Africans have long been deeply concerned and frustrated by sluggish economic growth, constrained by regular power outages and the fiscal costs of supporting a struggling public utility company – Eskom. That same utility's heavy dependence on coal has meanwhile concerned the international community, which is eager to reduce greenhouse gases. Thus, South Africa's energy transition is of great importance to both South Africans and prospective donors.

In South Africa, the deal reflects a commitment from President Cyril Ramaphosa, supported by his Cabinet, to undertake reforms and make investments that will address the problems in the energy sector in a way that reduces emissions. Domestic support is by no means universal, but the political agreement builds on decades of national debate on the future of South Africa's energy production and public frustration with bail-out costs for Eskom at a time of general fiscal and economic stress. For the G7 signatories to the JETP, this was an opportunity to signal their commitment to supporting countries in the Global South (including upper middle-income countries) with climate

change mitigation, starting with those that are dependent on coal for a large share of their electricity production.

While each country platform will be different, there are general lessons to learn from historical experience supporting political deals with official development assistance. This experience includes specific schemes like the Heavily Indebted Poor Country Initiative, general financing arrangements such as the use of budget support and results-based aid, as well as ideas such as the call for development agencies to Think and Work Politically (Booth and Unsworth, 2014; Laws and Marquette, 2018).

Aligning international and national interests

Successful country platforms will need to support a reform agenda that is not just technically achievable but also politically feasible. Economic and social development is closely linked to elite interests and power structures (Balchin et al., 2019; Kelsall et al., 2021; Levy, 2014; World Bank, 2017). International assistance has generally been more transformational when it sufficiently aligns with these interests and works within these structures (Booth and Unsworth, 2014; Chemouni, 2017). One of the most enduring lessons from development cooperation is therefore that donors struggle to 'buy reforms' that don't sufficiently align with elite priorities and political settlements (Booth and Unsworth, 2014; Keijzer et al., 2020; Molenaers et al., 2015; Williamson et al., 2016). When incentives diverge, reforms pushed by donor agencies often result in superficial changes and a gap between stated policy and practice (Andrews et al., 2017; Hallward-Driemeier and Pritchett, 2015; Pritchett et al., 2013).

While donors should seek to understand local political economies as best they can, successful country platforms ultimately depend on building consensus among national partners. Outsiders are poorly placed to navigate vested interests or set appropriate conditionalities for deals with such far-reaching aims. Rather, far-sighted leaders and reformers within a country will need to identify and bundle interventions that simultaneously advance climate goals and domestic political priorities (job creation, reliable and affordable electricity, air quality improvements, etc.). National ownership and mutual trust are therefore preconditions for effective design and delivery of a deal.

Securing a deal that adequately aligns diverse national and international interests can be difficult, but will be more likely if negotiators have political space to make the compromises needed to move a reform agenda forward. A strong political authorising environment and ability to make credible decisions is a common feature in development programmes that 'work politically' (Booth and Unsworth, 2014; Hadley and Tilley, 2017; Honig and Gulrajani, 2018). In the case of the South African JETP, for instance, there is ongoing dialogue between the President's Office and representatives from the G7 members, with dedicated teams supporting each

constituency. It is unlikely that a political deal of this nature would have been struck through the multilateral system as it is currently organised – for example through the World Bank or IMF. However, that is not to say that multilateral agencies do not (or could not) have a role to play in specific circumstances (Greenhill and Rabinowitz, 2016). For example, direct political engagement between donors and recipients was critical for the change in approach to debt relief in the 1990s, but many of the historic deals delivered through the HIPC Initiative were administered by the IMF (Callaghy, 2002).

Responding to windows of opportunity

As is often the case, a changing context creates new opportunities for action (Green, 2015). South Africa's JETP was made possible by a confluence of factors that shaped both national and international interests: the falling cost of renewable technologies, the increasing frequency of South Africa's power shortages, Eskom's rising debt, and developed countries' failure to provide and mobilise US$100 billion of international climate finance by 2020 as pledged in 2009.

The South African government and G7 members involved in the JETP seized this window of opportunity to articulate a collective vision. However, the political announcement was made before technocratic details of the deal had been finalised, likely to inject momentum into COP26. This means that there is also uncertainty over how the Political Declaration will be put into action. For example, there remain questions over the concessionality of the US$8.5 billion pledged and the allocation of these resources among different facets of the JETP. The South African government has also recently requested technical assistance from the African Development Bank (AfDB) to enhance the capacities of relevant national institutions in South Africa to engage and negotiate with external and internal partners of the South African Just Energy Transition process (AfDB, 2022).

With a precedent now being set and attention turning to prospective deals in other countries, there may be ways to establish a more predictable architecture that can respond to similar opportunities as they arise. Most likely, this would entail an agreement among major donor governments about key tenets of country platforms for climate action. This was the approach adopted, for example, with debt relief (Braga and Dömeland, 2009; Callaghy, 2002). While debt relief agreements were initially agreed in a relatively ad hoc way, the HIPC Initiative helped establish a more predictable process through which eligible countries could request, negotiate and secure debt forgiveness.[3] The process was reinforced by giving formal roles to multilateral institutions like the IMF and World Bank to implement the initiative.

[3] Prior to HIPC, debt relief under the Paris Club provided a uniform 67% reduction for all countries that qualified (under the Naples terms). In contrast, HIPC based the extent of debt relief on what each country would need to exit the process of constant rescheduling and resume normal relations with its creditors, whereby it could service all its remaining debt, so achieving debt sustainability.

Sustaining commitment

Looking to the future, one of the main challenges for the JETP (or any similar deal) is to maintain commitment to shared goals as interests and needs evolve over time. Financing commitments often follow the initial excitement of a deal and are closely linked to the political motives in donor agencies – rather than the specific needs of the country receiving the funds (Paris and Sisk, 2007). Initial agreements between a smaller group of partners may become diluted as more partners are needed for implementation, or as key protagonists change roles (Hadley and Tilley, 2017). Political interests may also change over time, both within government and among key partners. Budget support partnerships anchored in mutual aims to spur development and reduce poverty diminished in a number of countries as donors began to include more conditionality linked to 'governance' (Molenaers et al., 2015; Williamson et al., 2016).

Structural economic transformation takes time, and there are no guarantees that the JETP or similar deals will be sustained for the full period that reforms and investments take to be implemented fully, which will most likely be over a decade or more. Indeed, interviews used to gather feedback on this paper revealed considerable scepticism that the G7 signatories to the Political Declaration would follow through with the promised finance. Others suggested that the emphasis might shift towards concessional loans for investments in renewable energy and electric vehicle charging infrastructure, rather than grants to support communities affected by a rapid transition away from coal. For the donors supporting the JETP, there is a risk – and significant opportunity cost – involved in providing public funding to support reforms that could be reversed by the South African government if political priorities change.

Setbacks are inevitable, but there are technocratic solutions to some of these problems such as pooled funding arrangements or results-based payments. All of these approaches have merits and demerits, but are at least relatively well tested (Commins et al., 2013; Greenhill et al., 2016; Greenhill and Rabinowitz, 2016; Perakis and Savedoff, 2015; Prizzon et al., 2016). Ultimately, however, deals are more likely to be sustained if there is continued political attention and the objectives of the country platform genuinely align with international goals, elite interests and broader public aspirations (Balchin et al., 2019; Chemouni, 2018; Pritchett et al., 2017).

Box 2 REDD+ in Guyana

Land use change, and particularly deforestation, is a major contributor to global emissions. In 2009, Guyana signed a memorandum of understanding with Norway to support its Low Carbon Development Strategy, which sought to transition the country's economy to a 'low carbon, sustainable development

trajectory while simultaneously combating climate change'. The agreement promised performance-based financing of up to US$250 million over five years, from 2010 to 2015, to support the government's strategy, making it the second largest national-level scheme to help reduce emissions from deforestation and forest degradation (REDD+).

The partnership has helped Guyana to address illegal logging and increase land ownership for indigenous people, adding to the areas under some form of conservation. However, many of the gains were achieved early in the partnership period. Progress then slowed as government priorities changed and attention was drawn away from forest protection towards oil discoveries and increased mining activities.

Source: Benn et al. (2020)

4.2 Coordinating public finance to address a specific problem

A country platform for climate action will typically involve international concessional finance to help compensate inevitable losers from the transition and steer private investment towards lower-carbon and more climate-resilient options at scale (the latter of which is discussed in Section 4.3). A common theme in the visions for country platforms is to ensure that the necessary finance is made available for a bundle of complementary or coordinated actions rather than allocated to discrete projects. In other words, a country platform should support a 'programmatic approach' to utilising development and climate finance provided from multiple sources (Jones and Lawson, 2000).

A programmatic approach is consistent with the 2005 Paris Declaration on Aid Effectiveness (not to be confused with the 2015 Paris Agreement on Climate Change), which outlines related principles such as alignment, harmonisation and mutual accountability. These have recently been adapted to the climate arena by the Task Force on Access to Climate Finance (2021), as summarised in Box 3, and build on other efforts to establish more programmatic climate finance, including through mechanisms like the Green Climate Fund.

When it comes to implementation, the general challenges of supporting a programmatic approach involving multiple donors have been widely discussed (Acharya et al., 2006; Greenhill et al., 2016; Prizzon et al., 2016; Keijzer et al., 2020; Williamson et al., 2016). While far from perfect, there is strong evidence that mechanisms such as budget support and sector-wide approaches can enhance donor coordination and raise the impact of development assistance (Dijkstra, 2018; Orth et al., 2017; Williamson and Dom, 2010; Woode et al., 2021). Multi-donor funds are another approach that gives

donors greater visibility and control over how funds are used, but these are often criticised for being slow to disburse or restricting country ownership (Commins et al., 2013).

As it is relatively new, the JETP offers few new insights into successful donor coordination. However, there are two key lessons from the decades of development cooperation that are worth highlighting for future country platforms: (i) the value of a credible programme or plan; and (ii) the importance of an effective and targeted donor coordination mechanism.

Box 3 Summary of proposals from the Task Force on Access to Climate Finance

1 *Ownership.* Recipients should clearly articulate climate action priorities, based on existing climate planning, and progressively mainstream these within national strategies and policies. Providers should support recipient climate action priorities, distribute climate finance through country systems, and broaden the range of recipients at a national and subnational level.

2 *Harmonisation and alignment*. Providers should align support behind a partner country's climate action priorities and increase the use of multi-year programmatic approaches rather than single-project investments. There should also be efforts to standardise and streamline accreditation processes and monitoring and results systems across financing mechanisms.

3 *Responsiveness to country needs and vulnerabilities.* Recipients and providers should jointly ensure that official climate plans are underpinned by a robust assessment of needs. Providers should prioritise adaptation finance for countries most vulnerable to the impacts of climate change, focus grants and concessional financing on those with greatest need and vulnerability, and integrate climate considerations in new development interventions.

4 *Flexibility and innovation.* Providers should take a more flexible and innovative approach to funding over long-term programmes, while ensuring that risk management arrangements are appropriate for the scale of funding and complexity of outcomes. Public funds should be used to support an enabling environment to stimulate private sector flows of climate finance.

5 *Transparency and accountability*. Providers should improve the predictability of funding and enhance the transparency of data on financing. Recipients should ensure there is independent scrutiny of climate finance. Providers and recipients should have shared monitoring and evaluation plans.

Source: Task Force on Access to Climate Finance (2021)

The importance of a credible plan

Coordinated action is not possible without a credible vision and plan that can be translated into action by different agencies (Peters, 2018). Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs) were partially intended to help aggregate a country's proposed climate actions to – in the case of non-Annex II countries – guide the allocation of international climate finance in a programmatic way.

The JETP is addressing a more limited goal than a country's NDCs, but is still highly complex because of its profile, the vested interests involved, and the multi-sectoral nature of the reforms needed to deliver a just and politically sustainable energy transition. These features would make planning inherently challenging for any government (Andrews et al., 2017; Dunleavy, 1995; Jennings et al., 2018; Peters, 2018; Yusuf et al., 2021). Many high-income countries with significant fossil fuel reserves – such as Australia, Qatar, Saudi Arabia and the United States – are also making limited progress towards an energy transition. However, challenges developing credible plans tend to be more pronounced in low- and middle-income country settings. This is particularly true when politics is highly competitive or when power is disbursed across different elite groups (Hickey, 2019; Kelsall et al., 2021; Khan, 2018; Levy, 2014; McMillan et al., 2017; Pritchett et al., 2017).

Experiences with poverty reduction strategy papers and budget support arrangements suggest that donor involvement can exacerbate planning problems (Dijkstra, 2011; Wilhelm and Krause, 2008; Williamson et al., 2016; Williamson and Dom, 2010). Donor influence can undermine national ownership, proliferate policy commitments, over-specify solutions, and create incentives for governments to use plans as signalling or fundraising tools rather than credible guides for implementation. Similar problems are seen in the climate community, where some countries' NAPs and NDCs have been closer to 'wish lists' for international climate finance rather than providing credible climate actions that could reinforce their development plans (Ford et al., 2015; Atteridge et al., 2020).

Ideally, ambitious and credible national plans or reform agendas should benefit from high-quality consultation at the outset, sustained dialogue throughout implementation, and sufficient flexibility to adapt the approach based on new information and learning (Andrews et al., 2017). This has been only partially possible in South Africa, as the need to signal political commitment to the JETP before the end of COP26 meant that the public announcement predated detailed negotiations around the role of international concessional finance in South Africa's energy transition. The absence of a sufficiently detailed and feasible plan is now arguably hindering progress, given the weight of expectations upon substantial but ultimately finite international commitments. However, there has been a significant degree of 'socialisation' of the challenges associated with the energy

system and the JETP Task Force is engaged actively in consultations with stakeholders to identify options for delivering on this agenda.

Future country platforms for climate action may be able to sidestep this challenge in two ways. First, central governments can develop climate plans that are closely linked to national development agendas – whether these are articulated in their sectoral plans, NDCs or other forums – and then seek international finance for their implementation. Linking international support to existing national initiatives and structures with political backing may be more effective than imposing new systems from the outside. Uganda's Poverty Eradication Action Plan provides an example of this approach (Kuteesa et al., 2014). Second, national governments and their international partners can undertake detailed planning for and consultation on the country platform before making a political announcement, enabling expectations management. However, this approach has costs: in particular, parties may be slower to come to the negotiating table and face less pressure to deliver in the absence of a high-profile political declaration at the outset.

The value of effective and targeted donor coordination mechanisms

The significance of an initiative like decarbonisation of the power sector in South Africa inevitably attracts interest from a wide range of stakeholders that are seeking to shape the process. The most obvious international actors are the G7 members that signed the Political Declaration and pledged US$8.5 billion in assistance. However, it is inevitable that a successful 'deal' will subsequently be able engage a wide range of international agencies to support different facets of implementation. Indeed, even less well-known initiatives such as SDG Indonesia One can attract large numbers of external partners (see Box 5). Often, this creates a complex and fragmented mix of terms, reporting requirements and financing mechanisms. Exploring how country platforms can manage this complexity and reduce the costs to government from working with a range of development partners is key.

There are different mechanisms available to enhance donor coordination – and reduce costs – such as pooled funds, use of country systems, sector working groups, joint reporting frameworks and joint performance reviews (Birch, 2020; Williamson and Dom, 2010). Formal structures such as these often vary in their design and performance depending on the political economy of both the government and its partners. In some countries, like Rwanda, development cooperation has been strongly shaped by the government's demands for donors to support national priorities and adhere to its general aid policy. In Liberia, the government does not have such control or comprehensive plans, so partners largely coordinate between themselves (Keijzer et al., 2020).

Experience suggests country platforms will face the risk that donor coordination mechanisms can easily become too large or

cumbersome to support effective decision-making. These dialogues are often drawn into donor administrative concerns, rather than broader policy coordination (Sembene et al., 2022). It is, therefore, important to ensure there are forums for discussing the reforms being pursued through the country platform, separate from those that are needed to manage basic administrative questions such as donor reporting or procurement processes. At this early stage, the coordination structures for the South African JETP seem to offer a useful illustration of this more focused approach (again, see Appendix 1 for details).

4.3 Harnessing private sector investment

In most middle-income countries, the private sector accounts for the majority of economic activity. A structural shift towards less carbon-intensive economic activities will therefore typically depend on creating the conditions and incentives that enable firms to pursue low-carbon activities, and that discourage high-carbon activities. The private sector may also bring additional capabilities and resources that are necessary for a low-carbon transition, and the participation of private corporations and financial institutions can enable knowledge transfer and mutual learning that accelerates decarbonisation (Ahmad et al., 2019).

The national government will be instrumental in aligning segments of the private sector with more ambitious climate goals. The toolkit the government already has to shift and mobilise private finance towards low-carbon and climate-resilient development includes: financial policies and regulations to influence behaviour through binding laws and regulations and enforcement; fiscal policy levers to influence behaviour through price signals; public finance to shift financial risk; and information instruments to influence behaviour through awareness (Whitley et al., 2018). Assuming these tools are effectively designed and implemented, they can provide long-term clarity to investors, reduce market risk and help to mobilise larger pools of private investors.[4]

Development finance institutions (DFIs) have also often been specifically set up to support private sector development and have a long history of attempting to influence the behaviour and decisions of private sector actors. Although there have been successes, the impact of DFI investment and the ability to mobilise private investment at scale in support of a green transition is limited due to the current ad hoc, opportunistic approach to DFI investment. It is difficult to scale investments when projects are financed using a disjointed approach. Moreover, in the absence of a pipeline of bankable projects, simply subsidising private sector investment is unlikely to result in private investment flowing at the scale needed for

[4] The Government of Brazil successfully used some of these instruments to attract investors and large companies from other activities to the ethanol industry (Veiga and Rios, 2017). It is now the second largest producer of bioenergy in the world. China has similarly used public funds and industrial policies to position itself as the world's leading manufacturer of electric vehicles, thanks to three decades of research and development, demonstration projects, vehicle purchase subsidies and public procurement policies (IEA, 2018; Yu et al., 2019).

a low-carbon transition. Subsidies may only increase competition for the few projects that are viable and could potentially crowd out private investment.

Depending on the country and sector, domestic policy-makers and their development partners will therefore need to work together to identify and address barriers holding back both projects and finance for private investors. Expectations are high that country platforms could provide a focal point for consultation with the private sector and integrated efforts to mobilise and scale up private investment (Lankes, 2021; Carney 2021). The rest of this section considers key lessons for country platforms from previous efforts to: (i) develop mechanisms for information exchange and dialogue between the government and private sector; (ii) create enabling conditions for private sector investment; and (iii) build a pipeline of bankable projects. National governments and their development partners must think through all these needs in tandem, such that public funds can be used strategically across a bundle of interventions that collectively drive a step change in emissions or adaptive capacity.

Developing mechanisms for information exchange and dialogue with the private sector

Experience shows that it is important to establish clear channels for information exchange and dialogue between the government and the private sector.[5] A government needs to communicate where its investment priorities lie, improving visibility and sending clear market signals for investment. One way to do this is through the development of an investment plan that includes interim goals and steps, and aligns with long-term climate and development strategies or NDCs. This should then be used as the basis for the platform's programme of work. In fact, the Action Plan for the South Africa's JETP Taskforce explicitly highlights the need to develop an investment plan for this purpose (GoSA, 2021). For the energy sector, such a plan may set out the current regulatory and policy environment, planned reforms and targets for energy mix. Proactive planning on the part of government is required as an initial step in building dialogue with the private sector and developing trust, especially if the platform is seeking investments in new areas.

However, communication cannot only be top-down. The government may only have a vague idea at the outset about where the most significant barriers to private investments are, whether a set of activities is deserving of support or not, and what instruments to use. A country platform will therefore have to develop mechanisms and structures to ensure that information flows from the private sector to the government in order to inform decisions. There is no single way for platforms to organise the interface between the government and

[5] Four East Asian countries – Japan, Korea, Singapore and Thailand – have used deliberation councils, a formal channel of communication for private sector representatives and government officials, to develop a consensus on the policies that govern an industry or sector (Campos and Page, 1993).

the private sector.[6] However, there are several lessons from the development cooperation (OECD, 2016) and industrial policy literature (Rodrik, 2008) on engaging the private sector to support public policy goals. These include:

- Interactions should be transparent and targeted to clearly defined problems to manage expectations and avoid over-burdening different actors.
- As with international public finance, ensuring that the interests of private sector partners align with the government's objectives is key, since they will be more likely to commit their financial and human resources to partnerships in areas where they perceive a business-related benefit to their engagement. This may involve selecting private sector partners whose core business activities align with the objectives of the platform, and who therefore have a real stake in the outcomes of the platform.
- The risks of collusion and capture by private interests need to be carefully managed. Governments need to maintain their autonomy when making decisions on incentive packages for private actors.
- A range of mechanisms may be needed to facilitate engagement with a diverse range of private sector partners, with different actors having different needs and capacities.
- Building pre-commitment mechanisms into partnerships like letters of intent (LOIs) may be a useful way to ensure that dialogue is transformed into effective action and additional investment. A key issue here will be the extent to which companies are willing to enter into arrangements that are legally binding, due to the reputational issues involved.

Creating the enabling conditions for private sector investments in low-carbon solutions

Through these mechanisms for dialogue, domestic policy-makers and their development partners can work systematically to create the investment conditions needed to mobilise private capital at scale for a low-carbon transition or to enhance climate resilience. International public finance cannot substitute for ineffective or counterproductive domestic policy. However, concessional finance provided under a country platform may provide the incentives and resources necessary for national governments to undertake politically challenging reforms. Showing concrete results, such as the implementation of contentious reforms, is also one of the best ways to sustain dialogue processes.

In the case of South Africa, although the private sector is not formally part of the JETP, it is widely recognised that independent power producers and their financiers will be instrumental in the rollout of

[6] Options include deliberation councils, private sector conferences, public-private consultative forums, engagements with business associations and so on.

renewable energy. The challenge has been convincing national policy-makers to dismantle obstacles to private investment in renewable energy, some of which were set up to protect demand for Eskom's electricity and therefore safeguard its revenues (IMF, 2022a). For example, large independent power producers have typically been required to engage in a complicated process to secure a licence from the National Energy Regulator of South Africa; even after they had a licence, Eskom has sometimes resisted providing transmission facilities to renewable projects (Makgetla, 2017).

With international financial support for the decommissioning of coal-fired power plants, reskilling of workers and remediation of degraded mining landscapes, independent power generation will have less dire fiscal implications and the Government of South Africa may be willing to address these bottlenecks. There are already some signs of this, with President Ramaphosa indicating that the exemption threshold for licences will be increased from 1MW to 100MW (Whyte, 2021). Similarly, the prospects of access to concessional finance for feed-in tariffs, green credit lines and other interventions may incentivise central governments to create a more conducive regulatory framework for private investment. Moreover, given these incentives, private investors may be more confident that policy reforms are unlikely to be reversed if the government has the certainty of available resources.

At the same time, creating the enabling conditions for private investments in a low-carbon transition goes beyond domestic policy-makers applying pre-determined interventions. As explained above, policy-makers need to elicit information from the private sector on where the binding constraints lie (Altenburg and Rodrik, 2017). Lessons should also be learned from certain ongoing pilot projects to strengthen public–private dialogue to address barriers to private capital mobilisation, such as Climate Finance Leadership Initiative (CFLI) Country partnerships, the first of which was launched in India in September 2021.

Building a pipeline of bankable projects aligned to the scope of the country platform

Country platforms that are focused on scaling up private investments for low-carbon investments should be careful not to push too hard on the supply side (i.e. by asking for substantial pledges from international donors to leverage private finance and de-risk projects) before the demand side starts to pull (i.e. without a pipeline of bankable low-carbon projects or array of creditworthy agencies with well-developed plans for low-carbon investment). Where the operational experience of designing, building and operating projects on the ground is limited, platform participants may find it difficult to turn project ideas into a pipeline of well-prepared, 'bankable' projects; that is, projects with an acceptable risk/return profile for investors and lenders (see Box 4). The International Development Association (IDA) Private Sector Window (PSW), for example, was designed to

pay out US$5bn in subsidised public finance to private sector projects between July 2017 and June 2023, but had committed less than half that amount as of April 2022 (World Bank, 2022). These difficulties in disbursing money are partly due to a lack of private sector clients and investment projects that meet its criteria. SDG Indonesia One has faced similar challenges in matching its donor commitments of US$3.27 billion to actual SDG-related projects, with only US$0.79 billion programmed in agreements and US$0.22 billion disbursed as of March 2022 (see Box 5). To help alleviate this bottleneck, it has earmarked funds to support project preparation.

Box 4 Translating a concept into a bankable project

In many low-carbon transitions, some large infrastructure projects will be necessary. Decarbonising power systems, for example, might include:

- retirement of multiple coal-fired power plants
- construction of multiple solar and wind farms
- installation of an electric vehicle charging network across the country and
- construction of a mass transit system, like a metro or bus rapid transit network (a bus-based public transport system).

Most of these proposals offer opportunities to generate revenue through energy sales, transport fares, advertising opportunities or land value capture, thereby creating a prospective opportunity for private financiers. However, it is very difficult to mobilise private investment for these projects if commercial viability is uncertain. Low-emission and climate-resilient investments in developing countries not only face higher risks than those in conventional technologies on a purely financial basis, but the perceived or actual political, institutional, technical or regulatory risks are also higher than in developed countries.

When the concerned government ministry or agency starts preparing a project to roll out into the market with an aim to attract private capital, it therefore must consider what needs to be done to transform uncertain projects into practicable investments. This may involve providing grants to project developers to support project preparation, committing to providing supporting infrastructure, or using public finance in the form of guarantees and related products to mitigate key risks.

Scaling up project development and preparation support is an important part of the solution. Despite the plethora of publicly

financed project preparation facilities (PPFs), 150 for clean energy alone (Nassiry et al., 2018), many countries and their development partners still struggle to develop and implement pipelines of investible projects. Some of these facilities provide innovative and well-targeted support, but are hard for private investors to access, or rely on an approach that is time-consuming and cannot be easily replicated or scaled (Lankes, 2021). The critical question facing country platforms is how to avoid becoming bogged down in the intricacies of individual transactions and effectively pivot to developing a programmatic approach with multilateral development banks, national development banks and private sector initiatives that creates a pipeline of investible projects at sector or country level.

In addition, most PPFs fail to consider the wider aspects of what constitutes a bankable project – the context in which it is developed, its compatibility with government's plans and policies, and the vested interests of key stakeholders. A country platform is well-placed to join these dots. Ensuring that project preparation support is connected to relevant national or sectoral plans would also provide some of the certainty that investors need. For example, government targets or quotas for renewables can reassure prospective financiers about demand for their products; these can be substantiated using power purchase agreements as part of project feasibility assessments. Platform participants should also support other essential activities in generating an investment pipeline, such as building domestic institutional capacity to originate, structure and deliver projects;[7] providing early-stage risk capital; and creating the broader country and sector enabling environment, as discussed above.

Box 5 SDG Indonesia One: blended finance to support sustainable investment in Indonesia

Established in 2018, SDG Indonesia One (SIO) combines public and private funds from donor agencies, philanthropies, equity investors, commercial banks and multilaterals to support SDG infrastructure projects in Indonesia. The Government of Indonesia appointed its national development bank, PT Sarana Multi Infrastruktur (PTSMI), to manage the initiative and blend the resources. This was due to PTSMI's strong track record in managing various funds from donors, its ability to structure investment and develop innovative financial solutions, and its ability to monitor project implementation (Attridge et al., 2020). As a tool of the government, PTSMI works with the Minister of Finance to align SIO's Annual Strategy with the government's priorities. PTSMI also has a separate annual high-level meeting with donors, with more technical meetings taking place separately with individual partners.

[7] One approach to scaling up is to build the capacity of intermediaries to develop portfolios of projects, such as local banks and national development banks (Lankes, 2021).

PTSMI's capacity to manage different types of funds is likely to be a valuable asset in negotiating a South Africa-like deal for Indonesia. Based on its strategy for 2022, 'Supporting a Recovery Pathway to Green, Sustainable, and Resilient Indonesia', SIO will contribute to Indonesia's energy transition. SIO currently provides end-to-end financing to support renewable energy infrastructure development in Indonesia, from project development through to financing and investment via its four facilities. These comprise: (i) development facilities to fund project preparation; (ii) de-risking facilities to increase project bankability of high-risk projects; (iii) financing facilities to mobilise commercial capital; and (iv) an equity fund to crowd in private investment in infrastructure investment.

One challenge faced by SIO has been the diverse reporting requirements of its numerous partners, but a more material issue is the low level of disbursements. As of March 2022, SIO has mobilised US$3.27 billion in total commitments from 34 partners. Yet this had led to only US$789 million in agreements and US$223 million in disbursements, most of which are for renewable energy projects. Given that commitments are only effective if matched to an underlying project or programme, the lack of project readiness has been a challenge for PTSMI. Responding to this problem, one of the flagship programmes in SIO's 2022 strategy entails supporting early-stage development of projects.

Source: personal communications

5 Conclusions

5.1 Summary of the goals of country platforms

Country platforms as a concept means different things to different people and organisations. A government seeking to create a country platform and development partners seeking to support said platform should therefore articulate its objectives, priorities and scope of action in the early stages of a dialogue, to manage expectations and avoid disappointments down the line.

In this paper, a 'country platform' means a government-led multi-stakeholder partnership that aligns international and national goals and unlocks financing (public and potentially private) to support a step change in climate action. Though still nascent, South Africa's JETP is considered to be a leading example of a country platform for climate action – one that other middle-income countries (Indonesia, India, Vietnam and Senegal) are hoping to learn from and adapt to their own situations.

Country platforms like the JETP are likely to look different across countries and sectors in terms of the scope of action, type of partners and finance, governance structures and so on. They will, nonetheless, share some common features:

- They will be based on a political 'deal' that aligns international and national interests to achieve a shared goal. This high-level political commitment is critical to drive forward and institutionalise a partnership, as well as to make the case and overcome the internal obstacles on either side.
- They will embrace a programmatic approach to coordinate international and national financing to address a specific problem, such as a clean energy transition.
- Where appropriate, they will strategically engage the private sector to tackle barriers holding back private sector investments to support a green transition in a specific sector of the economy.

Ultimately, by performing these three functions, country platforms offer the opportunity for a genuine step change in levels of financing and action to reduce carbon emissions. More importantly, they will do so in a way that is country-led and politically attractive at both the domestic and international levels.

This does not mean, however, that a country platform is suitable for all countries or climate-related actions as outlined in a country's

NDC. Both a government and its development partners need to be strategic when contemplating a platform approach, taking into account a myriad of factors. The most important of these is whether there is a specific, locally defined climate goal that is politically attractive to both domestic policy-makers and development partners to ensure buy-in from both sides. Other factors to consider are whether the political environment is conducive to a government-led, multi-stakeholder partnership and whether it is an area where there is a high probability of mobilising public and/or private finance once the right set of interventions are implemented.

Done well, country platforms potentially offer a genuine step change in levels of financing and action to tackle climate change at both the domestic and international levels. They offer a chance for governments in low- and middle-income countries to secure large-scale concessional funding for their needs, and for their development partners in high-income countries to allocate climate finance in ways that deliver sustained emissions reductions or enhanced adaptive capacity. While they won’t work everywhere or for every problem, there is substantial scope to use country platforms to achieve low-carbon, climate-resilient transformation.

5.2 Summary of key lessons from past initiatives

The country platform concept both borrows and builds on several key principles and concerns in the international development space, such as country ownership, donor harmonisation and inclusive partnerships. To avoid past mistakes, it is therefore important to learn from the decades of attempts to maximise the effectiveness of development cooperation, as well as to effectively engage the private sector in pursuit of development results. Key lessons are as follows:

- **Lessons for securing and maintaining a political agreement**

  Direct engagement between G7 members and developing country governments will be critical for striking further deals like South Africa’s JETP. Future partnerships could benefit from a more predictable and transparent process – for example, around the kind of financing that could be accessed or the nature of any conditions that are likely to be attached. The HIPC Initiative may be a useful benchmark in this respect.

  However, a major challenge for country platforms will be to maintain the current alignment of interests for a reform agenda that may take a decade or more to implement across several government administrations in the host and donor countries. This puts significant emphasis on the quality of the government–donor dialogue and the need to maintain a focused agenda on a clear problem.

- **Lessons for coordinating public finance**

A common theme in all visions for country platforms is the need for a more programmatic approach, to reduce the transaction costs associated with fragmented projects. Relevant proposals have been made by the Task Force on Access to Climate Finance (2021) drawing on the long-standing principles of development effectiveness. While every approach has its limitations, there is evidence that tools such as budget support, sector-wide approaches and the use of multi-donor funds are useful for enhancing coordination and even raising the impact of development assistance.

A programmatic approach requires a credible reform plan and effective donor coordination structures, but donor incentives often make these difficult to establish. Ways to manage these risks include limiting the goals of a country platform, using pooled funding and country systems, building on existing initiatives with strong political backing, improving the quality of stakeholder consultation, and strengthening central government departments like the office of the president or prime minister.

- **Lessons for harnessing private investment**

  Achieving global targets for emissions reductions requires a significant increase in private investments for bold climate action. Some areas of climate action, like renewable energy, are potentially highly attractive to private investors with the right combination of interventions to mitigate actual or perceived risks. Finding ways to collectively address bottlenecks is critical to rapidly scale investment beyond fragmentary projects.

  Through country platforms, domestic policy-makers can strategically engage development partners, including the private sector, to identify and coordinate interventions to create the enabling conditions for private investment and to build a pipeline of bankable projects. Building the capacity of domestic policy-makers to engage with the private sector, while avoiding political capture by vested interests, is also key.

5.3 Reflections and recommendations

The following reflections and recommendations are made in light of the findings and conclusions of this paper:

1. Secure political agreement. Genuine and sustained political commitment to a clearly defined goal from both the host government and its development partners is essential to deliver shared value – that is, results that are mutually beneficial and sustainable in the longer term. On the side of the host government, this means having a clearly defined vision and credible strategy, as well as taking steps that demonstrate its capacity and willingness to make politically difficult decisions despite vested interests. On the side of development partners, this means not just promising a large

financing package, but also providing some clarity on the actual sums on the table, how the package will be provided (grants, concessional loans, guarantees, etc.) and when. A predictable and flexible resource envelope to support a country-led plan is one of the main selling points of a country platform. International partners must also recognise explicitly that they cannot simply ‘buy’ reforms to decarbonise the economy; instead they must support the economic development priorities in ways that address the demands placed on governments by their citizens.

2. Build effective partnerships. All partners should have a stake in the outcome of the platform. Understanding the goals and objectives of each platform participant is an important first step in identifying where common interests may lie. The host government should also be strategic in using the platform’s financing and avoid wasting scarce grants and concessional funds on projects that are potentially attractive to the private sector with the right interventions – be they policy, regulatory or financial. In areas like renewable energy, publicly funded capacity building and project preparation may be enough to mobilise private sector lenders and investors at scale, without the need for further de-risking. Complementing the investment plan with a financing roadmap can be useful in setting clear boundaries on where concessional development finance can be most catalytic and where partners (or the government) risk crowding out private finance.

3. Learning from frontrunners. As the first country platform for a clean energy transition, South Africa’s JETP is a model case. The foundations draw on years of policy-making, political engagement, research, experience and socialisation of the ‘Just Transition’ concept within South Africa. Prior to the JETP, the Presidential Climate Commission was set up to develop policies and build consensus among domestic stakeholders on a Just Transition. This is all important context for countries looking to secure their own ‘deals’. The ongoing negotiations on the financial terms and conditions of the South African deal will also offer several important lessons that both the international community and other potential platform hosts should heed. For example, while direct (and secretive) negotiations between the Government of South Africa and the G7 members party to the Political Declaration was necessary to secure an ambitious agreement on both sides, the current lack of transparency in the negotiations of the financing package has led some stakeholders ‘outside the room’ to question the credibility of the deal. Increasing the transparency of the process, as well as the terms of future deals, may help to improve the credibility of the goals themselves and widen the scope for others to align their activities and investments to the same vision. Looking beyond South Africa, there will be further opportunities for learning if and when other country platforms emerge.

4. Tailor to each country context. Other countries should not expect to simply replicate the South African JETP. Pursuing transformative goals like the decarbonisation of the energy sector

requires a process of discovery focused on learning and innovation. Each country's path to decarbonisation and development will be distinct. Differences in the political environment, economic structure, drivers of emissions and policy landscape are likely to require different structures and mechanisms to achieve broadly similar goals. Decades of development assistance have shown repeatedly that overly engineered technocratic solutions, transplanted from elsewhere, ignoring local context and political realities, are highly unlikely to produce the desired outcome. A flexible, iterative approach to solving complex problems is therefore recommended. Monitoring and reporting on country platforms' activities and results is critical to support 'learning by doing'.

5. Prioritise carefully. Not all policy challenges will require new partnership structures and initiatives. Rather than launching new partnerships as a first response to a specific challenge, the government and its partners should look to what already exists at the country and global levels. Stakeholders may be better off harnessing existing initiatives and networks, rather than duplicating efforts and straining government capacity.

6. Strengthen national capabilities. Delivering an ambitious agenda like the JETP in South Africa is a challenge for any government and requires different capabilities. Strong central government departments are needed to negotiate with donors and to support coordination across departments and agencies. The government will also need specific knowledge and capacity to engage with the private sector and develop an effective investment pipeline. The government may need to rapidly build these capabilities by developing new teams or contracting the necessary expertise. Partners may be able to help do this as part of their support to the country platform.

7. Create an enabling global architecture. Country level coordination is necessary for coordinated action on climate change, but challenges with the global architecture for climate finance will remain until they are resolved at an international level. For example, a DFI's business model may disincentivise high-risk, but potentially transformative, investments in frontier technologies and business models. Where possible, country platforms should therefore be reinforced by regional and global efforts to improve the international financial architecture to deliver more and better climate finance to support countries' ambitious climate change goals.

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Appendix 1 South Africa's Just Energy Transition Partnership

Background and objectives of JETP

1. South Africa's Just Energy Transition Partnership (JETP) is the first country platform supporting a step change in climate mitigation.

South Africa's Just Energy Transition Partnership (JETP) is a potentially promising country platform for transformative climate action, launched with the Political Declaration[8] issued at the UN Climate Change Conference of the Parties (COP26) in 2021. The Political Declaration from the Governments of South Africa, the United Kingdom, the United States of America, France and Germany, and the European Union presented the JETP as a long-term multi-stakeholder partnership that will align international climate finance behind South Africa's goal of securing an accelerated, affordable and just electricity transition as set out in its updated Nationally Determined Contribution.

The direct objectives of this programme are:

1 to accelerate the decarbonisation of South Africa's electricity system by retiring coal plants ahead of schedule

2 to create a reliable, clean electricity supply by accelerating investment in renewable energy and the adoption of related technologies such as electric vehicles and green hydrogen and

3 to cushion the impact on vulnerable workers and communities affected by the energy transition by supporting displaced workers and remediating degraded environments.

Taken together, these direct programme outcomes are intended to resolve South Africa's long-standing power shortages, and thereby spur economic growth and job creation.

2. JETP currently involves public finance (some of which will potentially be used to leverage private finance) and is narrowly focused on the decarbonisation of the electricity sector.

[8] https://ukcop26.org/political-declaration-on-the-just-energy-transition-in-south-africa/

- **Mostly public finance –** This paper classifies the JETP as a platform involving public finance (domestic and international) since the current parties to the Political Declaration are all governments. International partners have pledged an initial US$8.5 billion in highly concessional financing for a three-to-five year period to support the Government of South Africa's vision for the electricity sector. However, the JETP also seeks to use public finance, for example, through risk-sharing instruments, to attract other sources of finance, including from the private sector. It is widely agreed that South Africa's just energy transition will require much more financing beyond this initial pledge.[9]
- **Narrow or intermediate goals** – JETP focuses on the decarbonisation of South Africa's electricity system, particularly coal retirement, investment in renewable energy and enhancement of grid capacity. Despite this narrow focus, South Africa's energy transition represents its least-cost route to achieving both higher Nationally Determined Contribution (NDC) ambition and long-term economic decarbonisation, with South Africa's coal-based electricity generation sector currently accounting for 42% of national greenhouse gas (GHG) emissions (Renaud et al., 2021).

Political economy of JETP

3. JETP links domestic and international interests at the highest political levels.

South Africa's electricity utility, Eskom, generates around 90% of the country's electricity. However, the state-owned enterprise is heavily indebted: its outstanding debts equate to roughly 10% of the country's GDP, of which 80% are guaranteed by the South African government. Rising electricity tariffs have imposed significant costs on South African households and firms, but have not been sufficient to cover Eskom's rising costs. Moreover, end users have experienced routine power outages for most of the 2010s and early 2020s. Poor governance, coupled with increasing competition from cheaper renewables, mean that Eskom's business model is not fit for purpose, and the enterprise regularly requires substantial fiscal transfers to cover its losses (IMF, 2020; 2022b). The high costs and rolling blackouts associated with electricity generation in South Africa today impose severe constraints on human and economic development prospects. Market signals also point to a continued decline in coal-related employment and loss of export markets, which will make many coal mines unprofitable and compound the issues with Eskom.

South Africa's leaders have therefore been searching for opportunities to transform the country's electricity sector to improve its reliability and cost-effectiveness, which can then enable progress

[9] South African authorities estimate that about US$30 billion in international support would be required over the five-year period to achieve the Nationally Determined Contributions (IMF, 2022b).

towards other national priorities such as job creation and industrial competitiveness. However, the energy transition is complicated by the country's long-standing coal dependence, meaning that many patronage systems and jobs (especially mining jobs in otherwise deprived areas) depend on coal revenues.

The carbon intensity of South Africa's power system has offered an opportunity for international climate finance to play a catalytic role in advancing national development and international climate goals in parallel. South Africa is the world's seventh largest coal producer, as well as one of the world's most carbon-intensive electricity producers. The JETP's goal of decarbonising South Africa's power supply and accelerating the deployment of related clean technologies can therefore play an important role in the global battle against climate change, by preventing up to 1.0-1.5 gigatonnes of emissions over the next 20 years. With its accompanying focus on mobilising renewable energy investment to replace retired coal capacity, the JETP can also help the South African government to address the failures and inefficiencies in the electricity sector that currently impede growth.

The JETP offers a new model of support for climate action from high-income countries to emerging economies. To date, international climate finance for climate mitigation has focused on supporting the uptake of low-carbon activities and processes. The JETP represents a shift from this incremental consideration of funding for climate purposes, towards embarking on a more fundamental, systemic transformation that links climate issues to a broader economic agenda via strategic investments in the electricity sector, while also supporting measures to overcome social resistance.

4. JETP shows that mutually beneficial 'big deals' are possible when domestic political priorities align with international climate goals.

The platform is led by the South African government and is backed by international partners, the governments of France, Germany, the United Kingdom and the United States of America, along with the European Union. All parties, on paper at least, stand to gain from the partnership.

The government of South Africa expects to mobilise highly concessional climate finance to decarbonise its electricity sector. Improving the reliability and reducing the cost of its power supply will help the government to make significant progress towards its development agenda at a time when the fiscal space is heavily constrained. First, it may improve the long-term financial sustainability of electricity generation, which is currently a significant drain on public resources, crowding out other fiscal priorities. Second, it will contribute to economic growth and job creation, as a more reliable energy supply spurs economic activity, a much-needed stimulant in the wake of Covid-19. Third, the partnership will help South Africa to achieve its ambitious Nationally Determined Contribution emissions goals by cutting greenhouse gases from coal-fired power generation.

The JETP is also advantageous to developed country governments, who will provide the required financing to South Africa. It provides a model for allocating a significant portion of climate finance in one transaction/package that supports a country-driven strategy. The climate finance will catalyse transformational change, significantly and permanently shifting the carbon intensity of economic and social activity in South Africa. Not only will this be a highly efficient use of international climate finance, but it also helps developed countries to meet their climate finance commitments. It is generally agreed that the global target set in 2009 to provide US$100 billion of climate finance a year by 2020 has been missed (OECD, 2021). The JETP itself can demonstrate progress towards this promise, while offering a model for other countries to accelerate the transition to clean, green energy and technology.

The JETP is a 'work in progress', with several unknowns about how the partnership will work in practice

5. Institutional structures for the JETP are currently being developed.

There is currently little publicly available information on the proposed structure of the JETP, with the operational arrangements expected to be elaborated in detail over the coming months. The Political Declaration, however, does explicitly mention establishing an inclusive taskforce comprising South Africa and international partners. The Taskforce's Work Plan between COP26 in 2021 and COP27 in 2022 includes activities such as developing a full programme of work for the partnership and setting up, 'coordination platforms with development finance institutions and key stakeholders to further develop the conceptual approach and leverage additional technical and financial support' (GoSA, 2021). A Secretariat for the JETP has also been established and is a joint initiative of the South African government and International Partners Group (IPG).

On the side of South African government, the Cabinet mandated government to appoint a financial team consisting of the National Treasury, Industrial Development Corporation, Department of Forestry, Fisheries and the Environment, Eskom, and other finance experts to consider the technical aspects of the partnership and offer. The president has appointed a special envoy to head this newly established Presidential Climate Finance Task Team. The Task Team will, together with the Asset and Liability Division of the National Treasury, analyse the offer made with a view to advising Cabinet on its composition, affordability and alignment with the country's regulatory environment. The South African government has also recently requested technical assistance from the AfDB to enhance the capacities of relevant national institutions in South Africa to engage and negotiate with external and internal partners of the South African Just Energy Transition process (AfDB, 2022).

There are also existing structures within the South African government for a Just Transition, which the JETP may build upon – although these are not explicitly mentioned in the Political

Declaration. These include the Presidential Climate Commission (PCC) and Eskom's Just Energy Transition Office.

- The Presidential Climate Commission (PCC) is a multi-stakeholder body established by the President of the Republic of South Africa in September 2020 to oversee and facilitate South Africa's Just Transition. It emanates from the Presidential Summit held in October 2018, when social partners agreed that such a statutory entity was needed. Chaired by the president, the commission comprises government ministers and part-time commissioners drawn from civil society, the science community, business and organised labour. A full-time Secretariat supports the work of the commission. *The PCC is mainly focused on developing policies and building consensus on a Just Transition, rather than its implementation. Its location within The Presidency can help to achieve a balance between opposing positions and interests in powerful line ministries.*
- Eskom established a Just Energy Transition Office in 2020 to provide dedicated attention and resources to drive Eskom's contribution to South Africa's Just Energy Transition. Eskom has developed a pipeline of 'Just Energy Transition' projects and has expressed an interest in using the JETP to secure financing (Eskom, 2021).

6. Defining what success will look like and holding partners accountable will be critical.

Outcomes and targets for JETP are currently undefined, though the Taskforce Action Plan notes that within a calendar year, the taskforce will have to 'provide a leaders' level update to review progress'. It is plausible that a more detailed monitoring and evaluation plan will be developed once the programme of work for the partnership has been developed, to track how the funds are being used and progress in general.

Key measures of success may include the closure of specified coal-fired power plants by agreed timelines, an acceleration in the rate of new renewable energy generation installation, the number of people supported to retrain or relocate, and the amount of degraded land that is remediated.

7. The terms and conditions of the initial US$8.5 billion from international partners are currently being negotiated.

The JETP is expected to mobilise an initial amount of US$8.5 billion, though it is currently unclear to what degree this financing is concessional and whether donor countries will follow through on their commitments. Financing is expected to be in the form of multilateral and bilateral grants, concessional loans, guarantees and private investments, and technical support. The JETP is also open to exploring additional sources of financing and including additional international partners. Questions remain over the transparency of

funds available, how they will be used, and whether they will benefit local communities.

Achievements and challenges of JETP

8. Although South Africa is at the beginning of its Just Transition journey, there are two noteworthy achievements to date.

- **Political declaration at the COP26 climate conference –** The Political Declaration issued by the South African government and its international partners to launch the JETP is an important milestone. Described by some as 'the most impressive thing to come out of the COP26 climate summit' (Kumleben, 2021), the JETP offers a potentially transformational model for Just Transition, with donors now expected to deliver an initial US$8.5 billion to support South Africa's transition. Furthermore, all partner countries have committed to advance the details of the deal before COP27 in 2022.
- **Strong foundation for a country-driven programme –** The Just Transition agenda in South Africa predates the JETP, emerging in national discourse more than a decade ago in trade union forums (COSATU, 2009). Since that time, the Just Transition concept has entered the national policy domain, principally in the energy sectors of the economy. In 2021, the idea gained momentum with domestic stakeholders, including local think tanks (see Steyn et al., 2021) and Eskom (see Eskom, 2021) undertaking extensive work to link climate issues with the broader economy. This has been buttressed by unprecedented levels of inter- and intra-governmental coordination, with the PCC commissioning several studies and undertaking public consultations in 2021 to help inform the development of the Just Transition framework. The PCC is also planning to produce a Just Transition framework in 2022 for approval by South Africa's Cabinet, which will provide a foundation to guide other planning and policy-setting processes. *This means the process is not starting from scratch, nor is it donor driven; rather, it is building on years of policy-making, engagement, research, and socialisation within South Africa.*

9. The JETP faces several potential challenges and risks that need to be carefully managed.

First, political support for a Just Energy Transition needs to be sustained domestically as well as internationally. Coal is an important source of patronage in South Africa and as a result, the barriers to an accelerated coal phase-down are primarily political. Climate diplomacy will be key in assisting South Africa to overcome domestic political barriers through high political profiling of the JETP and financial support to cover the costs of 'Just Transition' elements and other politically smart measures that sustain political buy-in.

Second, for the financing to flow, the South African government needs to clearly define, prioritise and cost an investment plan for the electricity sector, including interventions to support affected workers and communities. The government will also need to develop a plan to improve Eskom's long-term financial sustainability.[10] These highly technical activities are likely to require knowledge of new technologies and innovative financing structures, which does not currently exist within government and Eskom (DEFF, 2020).

A third challenge is getting the right financing terms. South Africa's central government debt was on the rise years before Covid-19 and jumped to nearly 70% of GDP in 2020, as the government deployed a policy package to mitigate the impact of the pandemic (IMF, 2022a). Given elevated debt levels and vulnerabilities, much of US$8.5 billion should be in the form of grants and concessional loans. Harder terms would hinder rather than help the transition.

A fourth potential challenge relates to including the private sector and development finance institutions (DFIs) in the partnership. A PCC technical report noted, 'a general distrust of the private sector, with stakeholders voicing disapproval for private projects and questioning the leverage that the private sector had over the state' (Patel, 2021). However, a Just Transition is unlikely to be achieved in South Africa without private sector involvement, given the huge financing needs as well as weak state capacity to deliver. Public-private dialogue is also needed to create an enabling regulatory environment that unlocks private investment in renewable energy. The rollout of renewable energy in South Africa has been constrained by a lack of competition in the energy sector, a high regulatory burden, policy uncertainty and infrastructure limitations (IMF, 2022a).

[10] Although progress has been made on separating Eskom's Transmission Division, the company's planned unbundling will require complementary legislative action and a decision on how to address the company's unsustainable debt levels (IMF, 2022b).