The Rockefeller Foundation

Environmental Defense Fund

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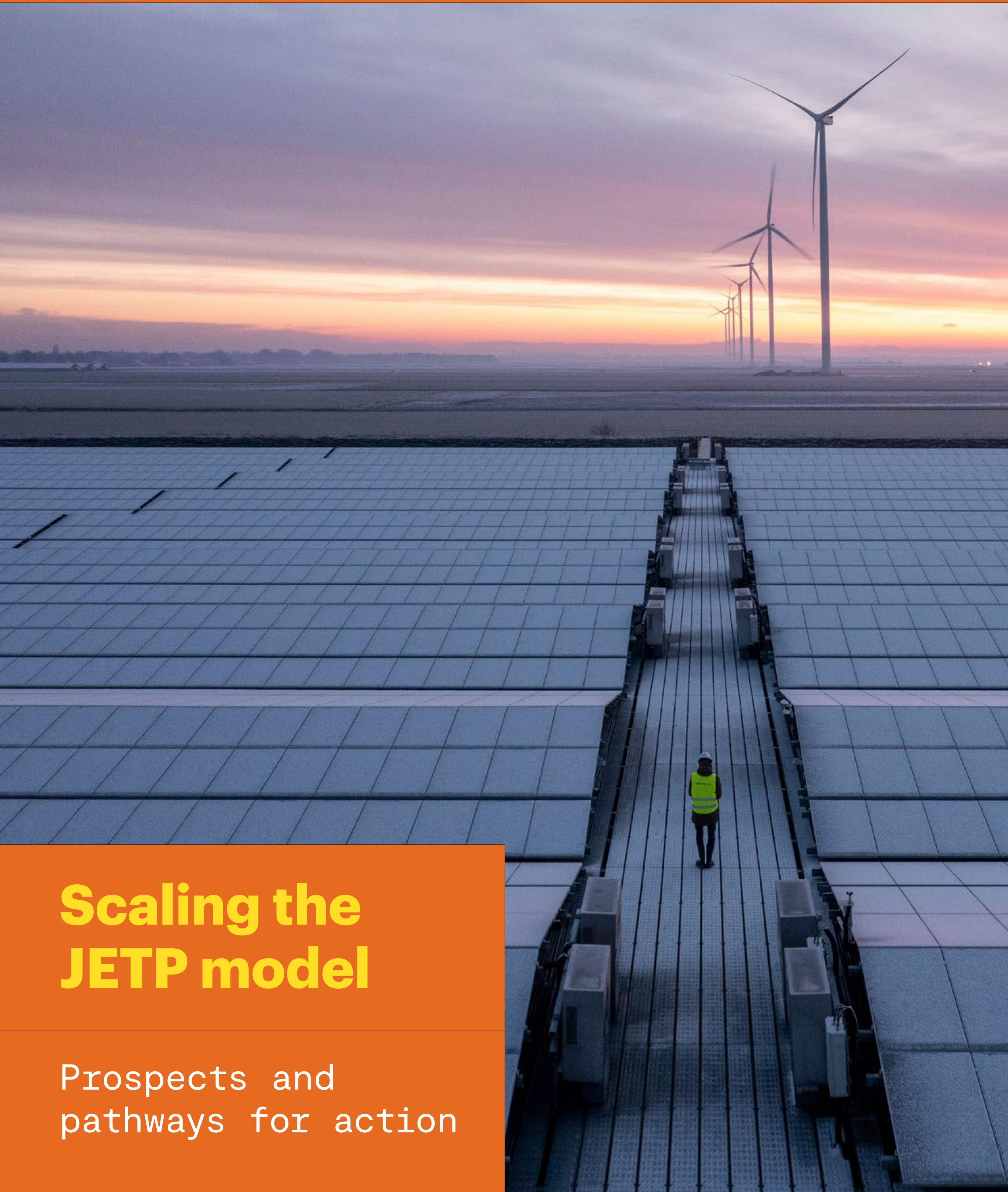


Scaling the JETP model

Prospects and pathways for action

Acknowledgments

This report was authored by Joseph Curtin, The Rockefeller Foundation, with inputs from Claire Healy, E3G, and Mandy Rambharos, the Environmental Defense Fund. Valuable feedback on earlier drafts were provided by Lily Han, Ali Al-Saffar, Abhisvara Sinha, Robin Bristow, Ashley Chang, John Gans, Eric Polofsky and Ashvin Dayal, all of The Rockefeller Foundation. Feedback was also provided by Lawrence Ang of Climate Smart Ventures and by Neil King. Steph Dreyer and Joseph Peralta of The Rockefeller Foundation provided design support, along with Ahoy Studios.

It represents the culmination of a six-part series of stakeholder convenings jointly co-hosted by The Rockefeller Foundation and Environmental Defense Fund in 2023, with support from Claire Healy, which was attended by 250 stakeholders, experts and practitioners from across the globe. This included government officials from current JETP countries; government officials from donor countries; officials from potential future JETP countries; investors from Multilateral Development Banks and other international financial institutions working on JETPs; private sector financial institutions; academic institutions and think thanks; and civil society organizations from JETP countries.

Foreword

Dr. Rajiv J. Shah
President, The Rockefeller Foundation

Energy Transition and the JETP Model

During the 28th UN Climate Change Conference (COP28) in Dubai at the end of last year, countries took stock of climate action's history and impact and made historic commitments for the future.

The first-ever Global Stocktake made clear the world is lagging badly in the steps needed to slash greenhouse gas emissions and keep temperatures at safe levels. To catch up, nations agreed—for the first time—to "transition" away from fossil fuels. At COP30 in Brazil in 2025, each nation must release revised and more ambitious pledges of action, or what are known as their nationally determined contributions (NDCs).

The world has now agreed on what needs to be done but not on how it can be achieved. Getting from more ambitious NDCs to detailed blueprints for action to just and impactful transitions in the years ahead will be a transformational but essential effort. Developing countries will need world-class expertise to develop detailed plans and will then need new technologies and affordable finance to realize their promise. All of this will require deeper global cooperation than we have seen in decades.

This report focuses on one promising model of support: Just Energy Transition Partnerships (JETPs), the first of which was agreed to in 2021. These agreements help bridge expertise, technology, financing and support gaps that are keeping developing and emerging economies from making significant strides in their energy transitions. Active first in South Africa and then in three additional countries, JETPs are long on promise but so far short on implementation.

To accelerate JETPs, The Rockefeller Foundation and the Environmental Defense Fund came together in several convenings last year to evaluate lessons learned in three years of experience with the model. Participants looked for ways to speed and scale JETPs to a new wave of countries, many of which have already expressed interest. This report offers a clear-eyed assessment of what is working, what is not, and what can be done to realize the potential of JETPs.

JETP expansion is, of course, just one piece of the energy transition puzzle. It will require us all to think bigger, to see this transition as a path to opportunity and make it so. Much of the burden will rightly fall on advanced economies, historically the largest contributors to global carbon emissions. But to make their shift to renewable power, those nations need to help emerging and developing countries access the significantly larger volumes of capital required to accelerate their energy transitions.

The world can meet this moment. But only if we work together. Only by advancing these transitions at the required scale and pace can we bring large-scale renewable energy to the places most in need, while living up to our climate commitments.

Executive summary

A large gap remains between what the world aims to achieve on climate action and the pace of national transitions in practice, especially among emerging and developing countries. A lasting turn away from fossil fuels first requires rapid growth in the use of renewables. But for now, more than 90% of all increased spending in renewables is going into developed countries and China.

Righting that imbalance and bringing clean energy to those most in need will require the creation of in-country ecosystems to help speed that transformation. That means working to build local expertise; strengthening institutions; engaging civil society, utilities, and regulators; establishing sound transition plans; and helping to bring in outside capital of all kinds.

Just Energy Transition Partnerships (JETPs) are a promising political and financial innovation designed to address exactly this challenge. These arrangements between the International Partners Group (IPG) of donors and host countries seek to accelerate host country-led energy transitions. They combine leader-level political support with the provision of concessional capital, targeting near-term investments with an elevated focus on easing the transition for workers. Since 2021, four countries have signed JETP "deals": South Africa, Indonesia, Vietnam, and Senegal.

The JETP model has also evolved since debuting during COP26 in Glasgow, Scotland. The first three "deals" focused on supporting a just transition from coal to clean power, while the most recent deal in Senegal focused on accelerating clean energy access through the deployment of renewables. The IPG has also broadened its membership, while the private sector has become integrated into JETP negotiations through the participation of the Glasgow Financial Alliance for Net Zero (GFANZ).

The JETP model not only holds great promise in these four countries, but also in a potential second wave of more than a dozen countries seeking at-scale support and partnership. However, there are significant challenges to scaling JETPs as they are currently structured. In response, The Rockefeller Foundation partnered with the Environmental Defense Fund to explore pathways to scaling more effective JETPs and potentially meeting the needs of the more than 15 countries that have expressed interested in them. Over the course of the six dialogues from June through November 2023, 250 stakeholders, experts, and practitioners:

- Explored lessons learned and barriers encountered with existing JETPs; and
- Identified action pathways that address barriers to future scale.

The first three "deals" focused on supporting a just transition from coal to clean power, but the final deal in Senegal focused on accelerating clean energy access through the deployment of renewables

Barriers to Scale

By leading with the high-level political "deal", the current JETP model described above, faces barriers to scale.

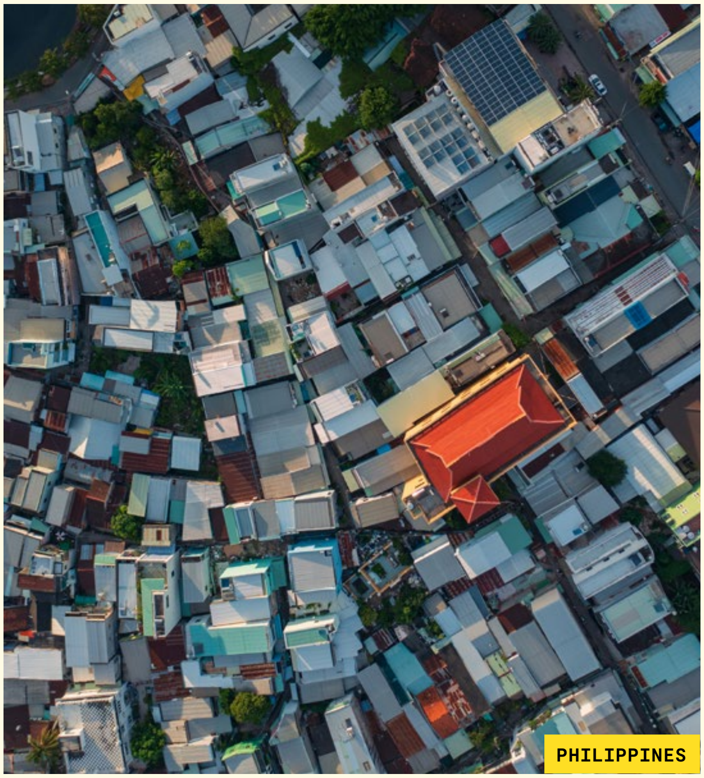
THESE INCLUDE:

01	Over-dependence on a heavy political burden for IPG members;
02	Insufficient quantities of truly new and additional concessional finance;
03	Lack of clarity around country demand for future JETPs and no established pathways to access support;
04	Insufficient access to in-country (or externally provided) technical, planning and modelling capacity;
05	Inconsistent, ad hoc, and unclearly defined role for the Multilateral Development Banks (MDBs);
06	Challenges encountered in the JETP countries themselves when translating JETP investment plans into investable projects, including maintaining political momentum and continued societal buy-in

The consensus was that the JETP model needs to continue evolving in order to successfully scale, and that we should experiment with new models, while advocating for a complementary set of supporting actions and reforms across the wider ecosystem.

This report details the lessons learned from the first three years of experimenting with JETPs, and it identifies four distinct, complementary, and mutually reinforcing action pathways that could be taken by philanthropic, multilateral, private sector, and civil society actors and country governments to develop new models and address barriers to scale.

Actions to scale the JETP model



PHILIPPINES

Action Pathway 01

Experimenting with a JETP “country platform”

A “country platform” model constitutes an evolution of the existing JETP model. By a “country platform” we mean a nationally owned institutional venue that can bring together domestic policy makers, international investors and technical experts. Such a platform can oversee and manage a technical and negotiation process to develop a nationally appropriate investment plan. A platform could also support “matchmaking” between key identified projects and international financial backers. As with the traditional JETP model, the ultimate outcome is an investment plan. The key difference is that it emerges from a technical process owned and overseen by a national government, rather than a high-level political deal. Philanthropic dollars could be used to test this evolution of the JETP model in a country such as the Philippines. This would allow for some learning by doing, which, if successful, could be replicated in other countries.

Action Pathway 02

A coordinated country demand signal

Although a second wave of countries have expressed interest in JETP-like packages of support, there are no established pathways or processes for these countries to follow to engage the international community. A clearer collective demand signal from countries that want JETP-like deals could help set the international agenda, especially if these countries could align on the set of reforms required by the international financial system to respond to this demand signal.

EGYPT

Action Pathway 03

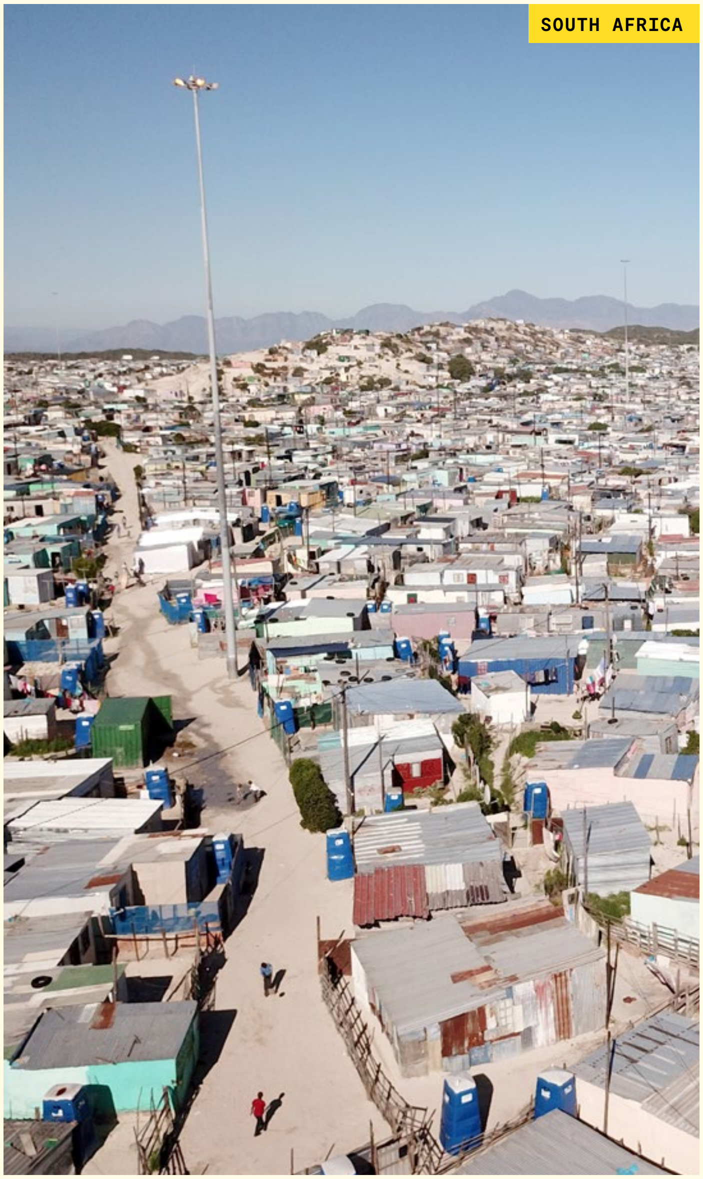
MDB leadership

Successful "country platforms" are likely to require leadership from at least one MDB. MDBs could play a more prominent role designing JETP packages, financing key projects, and helping blend in other types and sources of capital at the project level. Individual MDBs can respond to political demand signals for support in specific countries by supporting the design and execution of each package.

Action Pathway 04

Evolving the IPG group of donors

The IPG group of donors needs to evolve. JETP packages of support would be far more successful if a syndicated offer of support could be provided by this group (rather than each IPG member making a discrete offer). Furthermore, the IPG could mobilize greater quantities of new and additional concessional finance by broadening the group to include new members, as well as digging deeper into national budgets. Finally, the IPG could seek (either individually or as a group) to engage proactively in country platforms that are established in the years ahead.



SOUTH AFRICA

Background

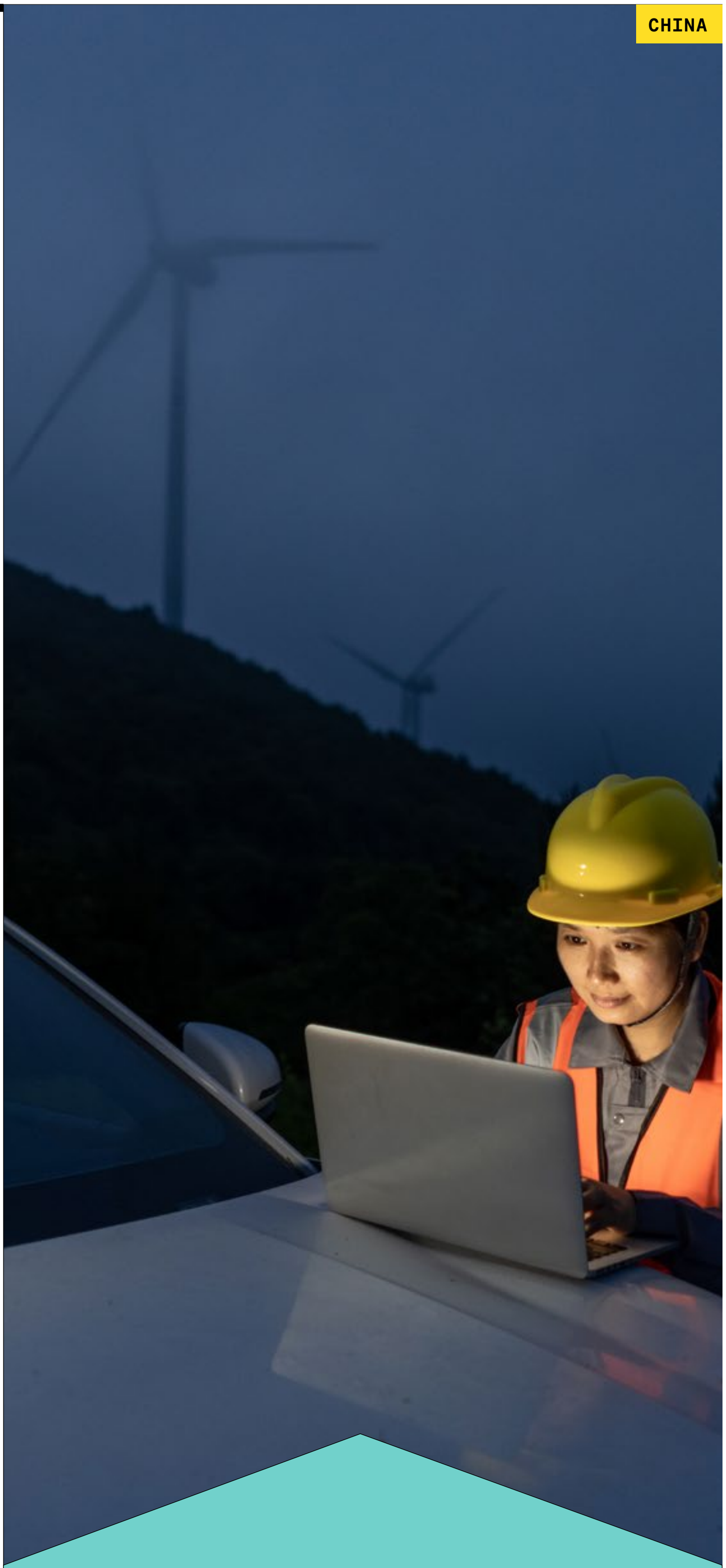
It is widely acknowledged that the speed of energy transition is insufficient to meet the global climate targets enshrined in the Paris Agreement. This is particularly the case in emerging and developing countries, which generally need far larger volumes of affordable finance to support investments in clean energy. According to the International Energy Agency, annual clean energy investment is expected to rise by 24% between 2021 and 2023, but more than 90% of this increase comes from advanced economies and China.

Widespread deployment of clean energy is in turn a necessary pre-condition for the creation of a politically and financially feasible pathway to phasing out fossil fuels.

Just Energy Transition Partnership (JETPs) are a political and financial innovation designed to support emerging and developing countries to enhance the pace of their energy transition. At its core, a JETP is transactional, involving the exchange of a clear commitment from the host country to advance the pace of its transition [and thereby to avoid greater levels of CO_2 emissions] for new commitments of grant, concessional and market-rate finance. Four JETP agreements have been reached to date (see next section).

JETP deals can only ever expect to cover a relatively small portion of total investment to achieve net-zero power sector emissions. To be effective, JETP funding therefore targets near-term strategic investment priorities that are deemed crucial to get the transition moving. In practice, first-mover JETP "deals" have therefore focused on the coming three-to-five-year period (and not the period to 2050 or 2060, which is generally the focus of technical analysis and modelling work.)

A prominent focus on the "just" aspect is also a key aspect of JETPs, with their focus on easing the economic and financial impacts related to transition from fossil fuels for affected workers and communities. Finally, while supported by international partners, JETPs are intrinsically host-country led.



+24% is the expected increase in annual clean energy investment between 2021 and 2023.

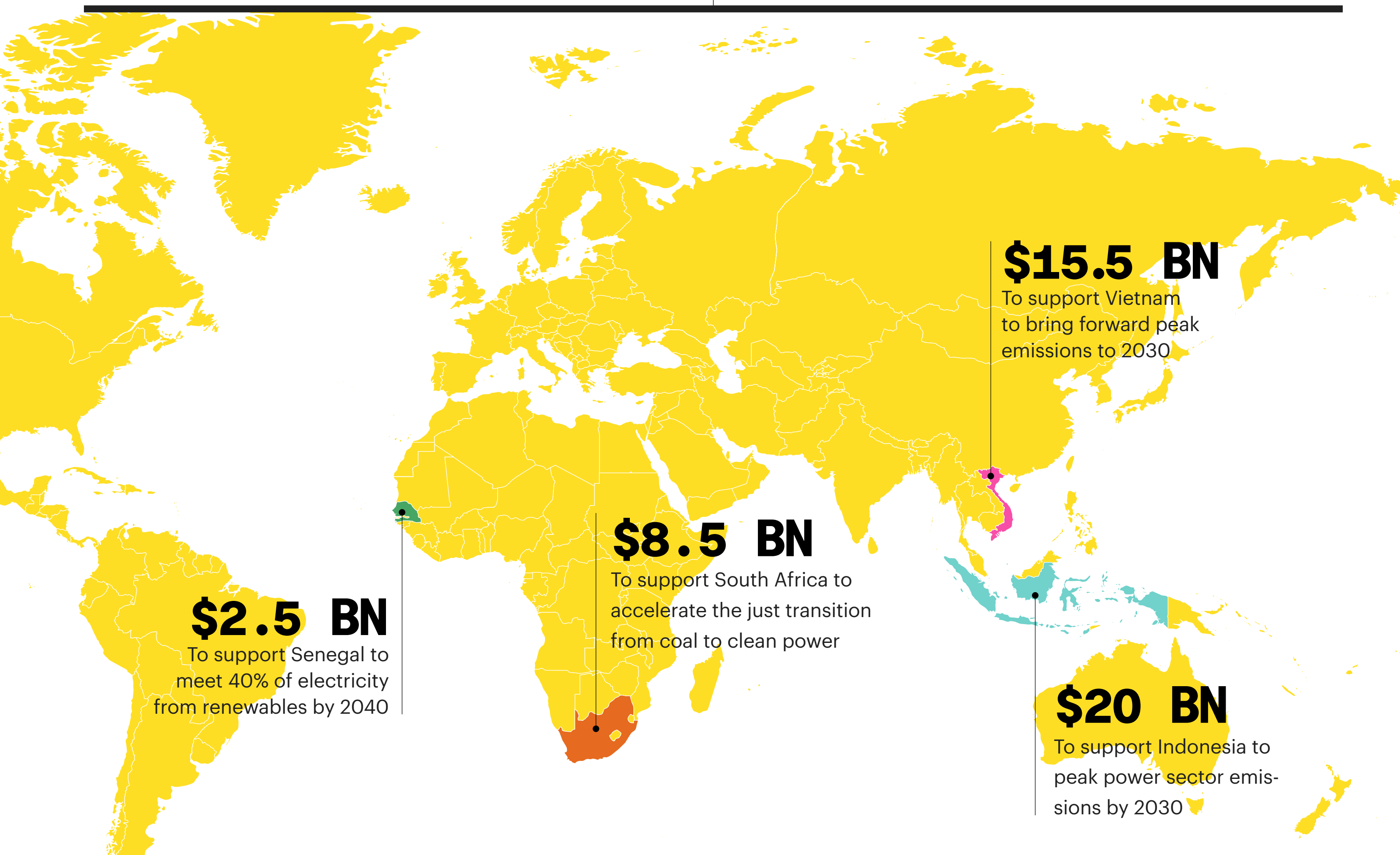
>90% of this increase comes from advanced economies and China

The JETP first-movers

The participants in these “deals” have been groups of wealthier nations under the auspices of the International Partners Group (IPG) of donors on one side, and a group of first-mover host countries on the other.

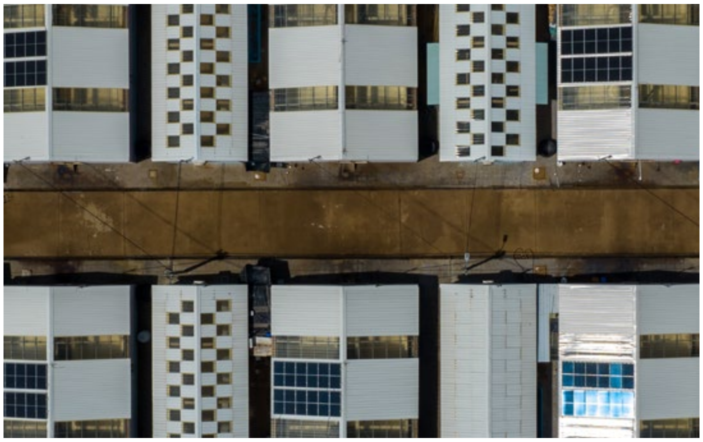
SOUTH AFRICA

President Ramaphosa of South Africa announced the first JETP deal at COP26 in November 2021, with the UK, EU, USA, France and Germany. These countries agreed to mobilize an initial $8.5 billion over the following three to five years to support the more rapid transition from coal to clean power in South Africa. Denmark and the Netherlands later joined the South African JETP.



INDONESIA

Next came the announcement of a second JETP deal in Bali, Indonesia, in November 2022, at the G20 Leaders' Summit. In this case, the United States, Japan, Canada, Denmark, the European Union, France, Germany, Italy, Norway, and the United Kingdom, announced plans to mobilize an initial $20 billion in public and private financing for Indonesia's energy transition over a three-to-five-year period, using a mix of grants, concessional loans, market-rate loans, guarantees, and private investments. Contributions to the JETP include $10 billion in public sector pledges, and a commitment to work to mobilize and facilitate $10 billion in private investment from an initial set of private financial institutions coordinated by the Glasgow Financial Alliance for Net Zero (GFANZ).



VIETNAM

A third JETP deal was subsequently announced in December 2022, this time with Vietnam. In this case, the IPG was comprised of the European Union, the United Kingdom, France, Germany, the United States, Italy, Canada, Japan, Norway, and Denmark. The stated ambition was to mobilize $15.5 billion of public and private finance over the following three to five years to support Vietnam's green transition. Initial contributions to the Vietnam JETP include $7.75 billion in pledges from the IPG together with the Asian Development Bank and the International Finance Corporation. This is supported by a commitment to work to mobilize a matching $7.75 billion in private investment from an initial set of private financial institutions coordinated by the GFANZ.

These first three JETP countries were large emerging economies that had significant dependence on coal for power generation. The focus was therefore primarily on avoiding future CO2 emissions by supporting a just transition from coal.

SENEGAL

A fourth JETP was announced in June 2023 between the IPG and Senegal. Unlike the first three countries, Senegal has no coal in its generation mix and has very low rates of electricity consumption and CO2 emissions. It suffers from high levels of energy poverty, with 20% of the population lacking any electricity access. In this case, therefore, the stated objective of the "deal" was not to avoid future emissions, but to increase the share of renewables in installed capacity to 40% of Senegal's electricity mix by 2030.

Egypt brokered a deal to finance the decommissioning of 5GW of inefficient gas-fired power plants in Egypt from 2023, while pledging up to $1 billion for renewables

EGYPT

It is also worth noting that a JETP-like deal was also reached in Egypt in November 2022. In this case, the IPG was not involved, and leadership came from the European Bank for Reconstruction and Development (EBRD), in partnership with the Egyptian government, leveraging their role as President of COP27.

In July 2022, Egypt established a "country-led platform" for the Nexus of Water, Food and Energy (NWFE), with the objective of using government and concessional financing to unlock vast opportunities for private sector engagement. The EBRD was appointed Egypt's lead partner on the NWFE energy pillar. It used this position to broker a deal to finance the decommissioning of 5GW of inefficient gas-fired power plants in Egypt from 2023, while pledging up to $1 billion for renewables. The USA and Germany pledged more than US$250 million in support for the NWFE energy pillar.

The JETP model has already seen considerable evolution. On the donor side, the IPG initially consisted of only the UK, EU, USA, France, and Germany, but was later expanded to include Japan, Canada, Denmark, Netherlands, and Norway in various configurations. In the cases of Indonesia and Vietnam, the pledges of concessional capital from the IPG were matched by pledges of investment from the private sector, coordinated by GFANZ. And finally, while initially very energy and coal focused, the Senegal "deal" focused more on improving clean energy access and addressing energy poverty.

While the traditional JETP approach is based on the announcement of a political deal following a high-level negotiation on an investment plan, the NWFE approach followed the establishment of an "platform" by the Egyptian government, and the role of a Multilateral Development Bank (the EBRD) was more prominent.

The promise of JETPs encounters real-world challenges

The main innovation of the JETP model is the combination of leader-level political support with the provision of concessional capital to support near-term actions and investments to accelerate the transition from fossil fuels to clean energy, with an elevated focus on easing the potential impacts of the transition on workers. The JETP model has stirred considerable excitement by advancing country-led plans for energy transition in the four countries that have already announced a JETP deal, which in turn has sparked interest among a cohort of additional low- and middle-income countries.

On the other hand, several challenges have arisen with the implementation of JETPs in these first-mover countries. For example, there is a growing perception that the political fanfare of the “deal” has been followed by insufficient mobilization of “new and additional” concessional capital. This lack of follow through risks souring the spirit of cooperation and trust between the IPG and host countries, and in some cases has already.

From the IPG side, there has been a sense the JETP implementation has been slower and the challenges more intractable than first anticipated in the first-mover markets. These include challenges around social license in JETP countries and barriers to enacting domestic regulatory reform to attract investment. Furthermore, each “deal” requires the devotion of considerable political capital and technical bandwidth, which could be an impediment to scaling.

A final criticism is that the political “deal” or announcement has in the past preceded deep technical work, leading to unrealistic expectations and misunderstandings between partners. Philanthropy has helped address these issues in several ways. The Rockefeller Foundation, for example, has focused on supporting local technical partners clarify what a JETP could look like within different unique national contexts in possible future JETP countries [see Text Box 1].

Healthy skepticism and continued scrutiny are warranted given how long the process is taking and how slowly the money has flowed so far. That said, these partnerships by design seek to overcome intense political economy challenges to domestic energy transitions, so there should be some consideration for, and tolerance of, a more deliberative and slow process.

The convening series

Notwithstanding the challenges associated with the JETP model, an additional cohort of countries have expressed interest in securing their own packages of support to advance their energy transition plans. However, there is a concern that the current JETP model may not be scalable. For a wider rollout, and to meet the needs of the next wave of countries that are demanding support, the JETP model needs to evolve. Less clear is what form that evolution should take.

It was against this backdrop that The Rockefeller Foundation came together with the Environmental Defense Fund to host a series of dialogues, with a range of key stakeholders and experts from around the world, to explore the future of the JETP model.

Our objectives were to critically evaluate the success of the JETP model in helping emerging economies transition to a modern, resilient energy system in a socially and economically just manner. Through the course of these convenings, we first focused on cataloging lessons learned over the past three years before assessing their implications for designing a scalable model that could realistically and efficiently promote a just transition from fossil fuels in 15 or more countries.

The convening series was hosted virtually and in-person under Chatham House Rule in six parts between June 11 and November 9, 2023. Around 250 individuals participated, including practitioners and policy makers from IPG and host countries, providers of public, private and philanthropic capital, national stakeholders, civil society groups, and independent experts.

The first two dialogues were retrospective, focused on exploring lessons learned from the experience of JETP vanguard countries (South Africa, Indonesia, and Vietnam in particular), and from the providers of public and private finance. The following three dialogues looked forward, spotlighting topics and themes relevant to scaling the JETP model. The final dialogue turned to the theme of action, identifying and discussing four action pathways to scale.

Convening timetable and topics

*Hosted in-person in RF's NY convening space

Lessons Learned

- **July 11** — **Lessons learned:** perspectives from South Africa, Indonesia and Vietnam
- **July 25** — **Lessons Learned:** Mobilizing Public and Private Finance

Spotlighting key themes

- **Sept 7** — Activating the 'just' aspect of JETPs
- **Sept 22** — The Next JETP? Mobilizing International Support for Power Sector Decarbonization in the Philippines*
- **Oct 19** — Reforming the International Financial Architecture for JETP Finance

Action

- **Nov 9** — Four pathways to scaling JETPs in 2024 and 2025

Current state of play

Before presenting these action pathways for scale, we first summarize the state of play of the current suite of JETPs and outline the core lessons learned. These lessons reflect our attempt to bring coherence and structure to the feedback of experts and practitioners across our six-part dialogue series. We have grouped this feedback in four categories: lessons learned in implementing JETPs and validating the JETP hypothesis after four years; reflections on the mobilizing finance and the role of MDBs in particular; developing investment plans following the JETP deal, and the sequencing of subsequent actions; and experiences with defining and implementing the "just" aspect of JETPs.

Implementation and validation

The theory underpinning JETPs is that they support political leaders in host countries to address domestic political-economy constraints by providing cheap and catalytic capital to invest in strategic projects, while also addressing the human cost of exiting from fossil fuels. As no projects have yet been financed under JETPs, the consensus view of stakeholders, experts and practitioners is the evidence to validate this theory is currently lacking. Nevertheless, stakeholders identified several near-term benefits of JETP deals.

First, JETP deals have already been instrumental in galvanizing and providing a higher profile to the domestic political conversation around just energy transition in first-mover countries, even if the implementation phase hasn't been fully initiated.

Second, in Indonesia and South Africa in particular, JETP deals have contributed to the development of a domestic institutional infrastructure, focused around JETP secretariats. These new institutions have enabled better coordination across public sector institutions as well as more structured engagement with important stakeholders in society at large. They have also facilitated more structured coordination with the IPG and other international donors and providers of technical advice.

JETPs promised a simple exchange of concessional capital for climate ambition, following a political "deal". However, current experience suggests that while the "deal" arrives at the end of a negotiation, this is only the beginning of a complex process. Initial implementation experience show that a more dynamic, non-linear, less predictable, and iterative process will follow from an international agreement. This has been particularly evident in the South African case, where considerable "learning by doing", iteration and refinement has emerged from engagement with domestic constituents. This has, in turn, involved revisiting and clarifying the terms of the original deal.

A key learning is that "process legitimacy" can make or break the JETPs. Consultations must be inclusive and communication channels open every step of the way. Deep and ongoing engagement and stakeholder consultation is required to ensure and sustain support, prior to and during implementation.

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Greater integration of and even leadership from MDBs into future JETP deals was identified as an important factor if the model is to be scaled

Financing and the role of MDBs

The way finance is provided to host countries under the current JETP model presents major challenges for those countries. While the JETP announcement suggests one headline investment number, there is no one coordinated or syndicated "offer" from the IPG. Host countries are, in effect, required to navigate several disaggregated offers from individual IPG members, each with its own terms, modalities, and conditions. From a host country perspective, a JETP package would be more compelling and transaction costs would be minimized if the IPG could act as one group and syndicate the offer.

To build trust, stakeholders proposed several additional refinements to the model. Some pointed to the need for greater up-front clarity on the amount of new and additional concessional capital on the table, and just what is meant by "concessional." And while it is useful to leverage existing pools of concessional funds, e.g., the CIF's Accelerated Coal Transition program, there is a risk of "double counting" already-committed funds, leading to a potential mistrust of the process. Greater clarity on what is considered "new and additional" is therefore needed.

In general, the role of MDBs under the existing model is ambiguous and ad hoc, depending on the package in question. Greater integration of and even leadership from MDBs into future JETP deals was identified as an important factor if the model is to be scaled.

For this reason, stakeholders expressed considerable interest in Egypt's country-led platform model, which was largely coordinated and brokered by the EBRD. Similarly, the Climate Investment Funds (CIF) played an important coordination role in the South Africa deal.

To be clear, participants were aware that MDBs cannot originate and dictate a JETP from scratch. There is consensus that JETPs must first and foremost be led by host countries themselves, and continuously supported by clear political will from host and donor countries alike. MDBs can however support the design and execution of this collective political vision. But given the complexities of such national-scale packages, MDBs are mission-aligned institutions that bring uniquely strong and relevant capabilities in technical sectoral expertise, country-led engagement, government relationship management, ability to navigate diverse financing partners, in addition to their direct financing capabilities.

The IPG has made clear that the first four JETPs will be hard to replicate in their exact form because of the labor-intensity of building and negotiating such complex packages from scratch. As a result, there was strong interest from stakeholders and experts in exploring if there is a more prominent role for these financial institutions to play in rolling out JETPs across many more countries to come.

However, greater leadership of MDBs in future JETP deals risks diminishing the political engagement of IPG leaders, which is an important and integral aspect of the JETP model. A more prominent role of MDBs could therefore imply tradeoffs.

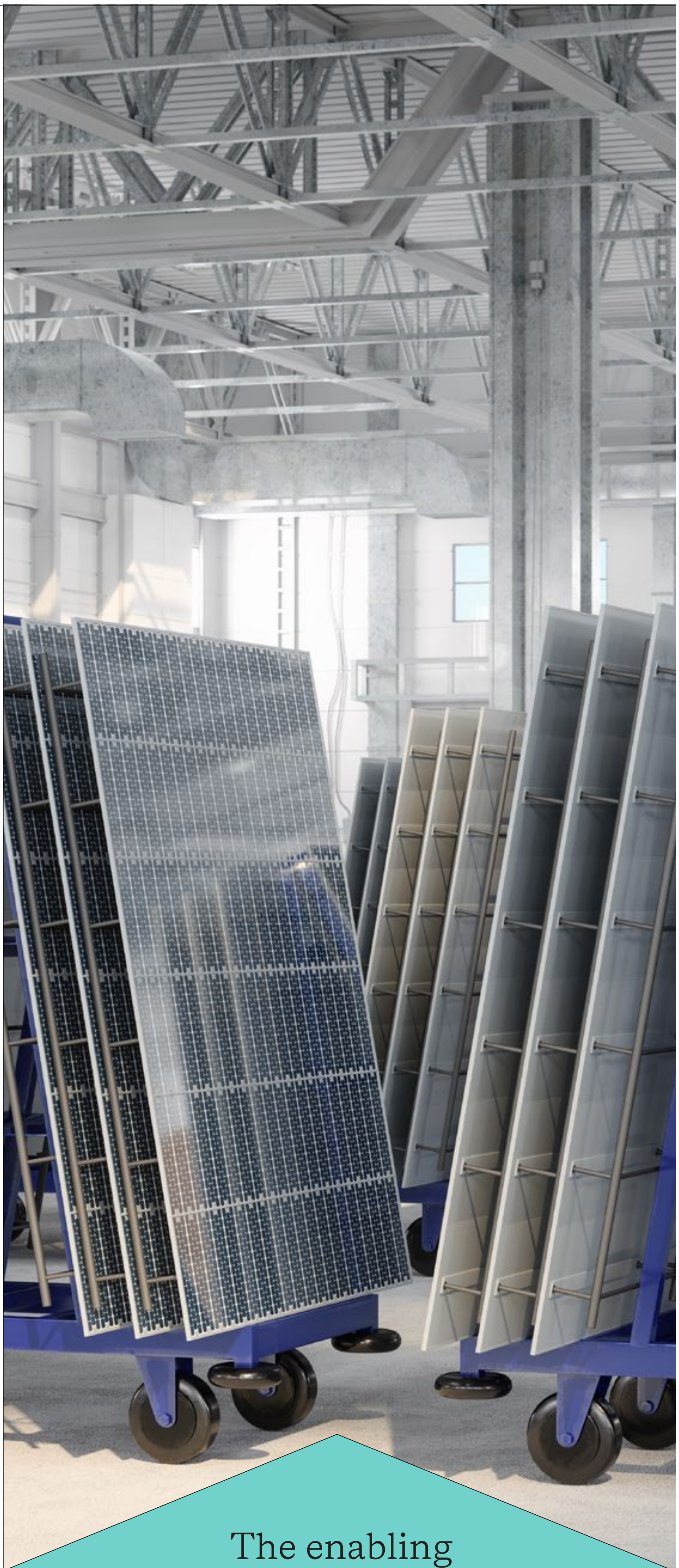
Sequencing and the development of an "investment plan"

In the case of existing JETPs, especially in South Africa and Indonesia, the starting point was to undertake research in-country to assess energy needs and decarbonization potential. This research played a role in building domestic buy-in for the idea of an energy transition and setting broad parameters for the JETP deals. However, in all cases it has still been necessary to follow the political declaration of a "deal" with a far more detailed technical process. Ideally, this would focus on developing an investment plan identifying the key set of projects that could be financed under a JETP, and the type of capital needed in each case.

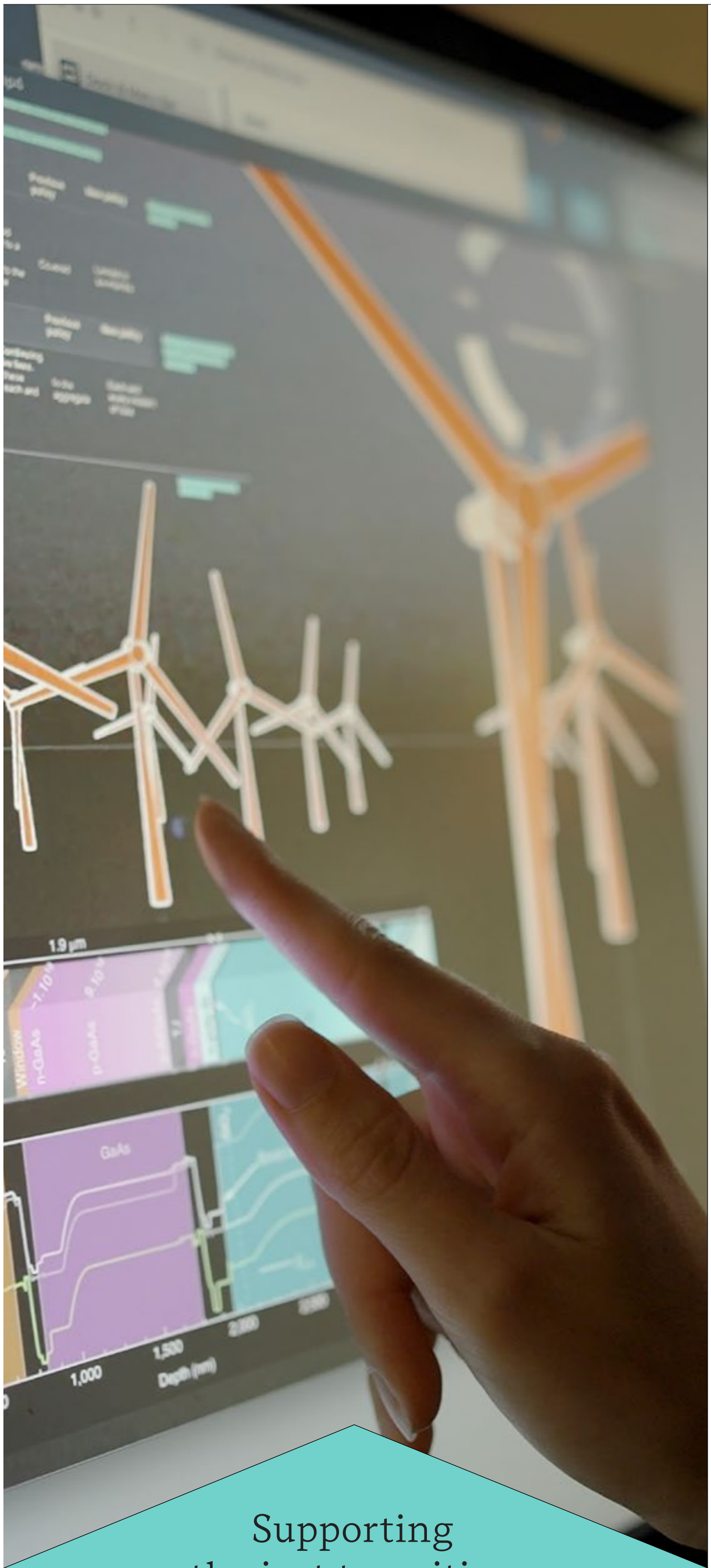
The crucial importance of host country ownership and leadership of this investment plan design process has been clear. This in turn has highlighted the importance of in-country technical expertise, which has been complemented and supplemented with international support, as necessary.

Stakeholders expressed the view that it would be beneficial in the case of future JETPs that more detailed investment planning work could be undertaken upfront within potential host countries and providers of capital, and that this work would inform political negotiations and future "deals" rather than the other way round. While this would provide a more solid basis for a deal, it is likely that the investment plan must remain nimble and flexible to accommodate changing assumptions, inputs, and even domestic political pushback.

From a sequencing perspective, it is clear that the enabling environment for clean power deployment must be in place before effective implementation can begin. Initial results (that is, widespread clean power deployment with its attendant benefits) must be visible on the ground before coal decommissioning and replacement conversations begin.



The enabling environment for clean power deployment must be in place before effective implementation can begin



Supporting the just transition of workers will be key to maintaining social legitimacy and political support through the implementation phase

The “Just” priority

The “just” aspect of the transition from fossil fuels must be at the foreground of JETPs. Supporting the just transition of workers will be key to maintaining social legitimacy and political support through the implementation phase. This means creating and funding viable pathways from fossil fuel dependence for key fossil fuel industry workers and communities, targeting upskilling and retraining, among other activities.

While the sources of this funding will naturally differ for different countries, stakeholders expressed the view that in all cases, the funds earmarked for “just” aspects have been inadequate to date. Because the “just” aspects do not generally provide a return on investment, it is important that non-commercial funding partners, including philanthropies, are brought into a coordinated effort.

A second impediment to implementing the “just” aspect is definitional. There is misalignment and a lack of clarity around what “just” refers to when it comes to JETPs and where the boundaries lie. Finally, stakeholders pointed to the lack of established best practices and case studies to inform future initiatives and projects.

Actions to scale the JETP model

Over the course of the six dialogues, we catalogued, based on the feedback of participants, several challenges and deficiencies with the current JETP model ecosystem, which were relevant to scale potential.

THESE CHALLENGES INCLUDE:

01	Over-dependence on a heavy political burden for IPG members;
02	Insufficient quantities of truly new and additional concessional finance;
03	Lack of clarity around country demand for future JETPs and no established pathways to access support;
04	Insufficient access to in-country (or externally provided) technical, planning and modelling capacity;
05	Inconsistent, ad hoc, and unclearly defined role for the Multilateral Development Banks (MDBs);
06	Challenges encountered in the JETP countries themselves when translating JETP investment plans into investable projects, including maintaining political momentum and continued societal buy-in

The consensus view was that although a complex "JETP ecosystem" had emerged over the past three years, this ecosystem was not functioning effectively enough yet to prove the JETP model was ready to scale. Barriers to scaling were evident at all nodes of the emerging ecosystem.

The final dialogue focused on the actions that could be considered by participants, including philanthropy, MDBs and civil society actors, to address these barriers to scale in the year ahead.

Four distinct and complementary action pathways emerged from the dialogue, which we set out below. This non-exhaustive list of complimentary actions is primarily relevant to the key actors in the JETP ecosystem respectively: philanthropy in the case of Action Pathway 1; host countries in the case of Action Pathway 2; MDBs in the case of Action Pathway 3; and donor countries in the case of Action Pathway 4.

Action Pathways

01

Experimenting with a JETP "country platform"

02

A coordinated country demand signal

03

MDB leadership

04

Evolving the IPG group of donors

Action Pathway 1

Experimenting with a JETP "country platform"

This pathway involves experimenting with an evolution of the JETP model we refer as a "country platform" approach. The action is to support the development and resourcing of a "country platform" in a pilot country such as the Philippines, which could provide an institutional home for the technical and stakeholder engagement work required to develop a JETP-like investment plan, and matchmake key investment projects that emerge with international financial backers; and to explore how such a model could be replicated in due course, subject to the success of this and other actions (below).

This pathway emerged from two distinct experiences. First, the experience of the EBRD and the government of Egypt in developing a scaled package, without a role for the IPG group of donors. Instead, the package emerged from the Government's "country platform", which was used to bring together national and international stakeholders.

Second, The Rockefeller Foundation's experience supporting Climate Smart Ventures, a Philippine technical organization, to undertake the modelling, investment analysis and stakeholder engagement work preceding a possible JETP deal in the Philippines (Text Box 1). This work identified the need for circa $9 billion in immediate investment capital to support near-term energy transition priorities and uncovered a preference for a nationally owned platform to fund these investments, rather than a traditional JETP "deal".

The action is therefore to support the development and resourcing of a "country platform" in a pilot country such as the Philippines, which could provide an institutional home for the technical and stakeholder engagement work required to develop a JETP-like investment plan, and matchmake key investment projects that emerge with international financial backers; and to explore how such a model could be replicated in due course, subject to the success of this and other actions (below).

These experiences, and the experiences with existing JETP deals, suggest that having a national institutional architecture in place can be a useful precursor to developing a credible investment plan, or indeed a precursor to announcing a high level political "deal". A national "country platform" can be used to facilitate a structured dialogue between government officials, technical partners and providers of grant, concessional and private capital. It can facilitate the development of a credible, integrated and stress-tested investment plan led by national development needs and based on national energy and climate priorities. A platform approach enables potential funders to collaborate upstream, which is especially important when it comes to mobilizing private finance. This process can enhance the prospect that key projects will have backers while also spotlighting key regulatory impediments and barriers to attracting international capital.

Developing a credible investment plan becomes the priority objective in this model, and a high-level political declaration of support from the IPG is given less prominence (it might follow but is not necessarily required). Leadership from a single MDB (e.g. EBRD in Egypt) would probably be required to ensure the success of a "country platform" in any given country. This MDB could play a key role throughout the process by leading engagement with the wider MDB and financial system.

The action is therefore to support the development and resourcing of a "country platform" in a pilot country such as the Philippines.

Text Box 1

Scoping a JETP in the Philippines

The Philippines has a highly ambitious energy transition goal, with targets to achieve a 50% renewable share of total power generation as early as 2040, and an openness to decommission coal-fired power plants (CFPPs). The Philippines has also enacted green transition programs for its workforce and is collaborating with international agencies on just transition readiness. However, this requires strong participation from the private sector, which operates more than 80% of CFPP capacities and most of the power generation assets in the country.

In November 2022, The Rockefeller Foundation provided a grant to Climate Smart Ventures (CSV) to explore transitioning the Philippines' energy system and what a JETP could look like within that context.

In collaboration with key private and public stakeholders, CSV successfully scoped the bounds of a potential "Philippine JETP" leading to the Government of the Philippines signifying strong interest and readiness for international support in undertaking an accelerated Philippine energy transition. In September 2023, during an event organized by The Rockefeller Foundation and CSV in New York, the Philippine Government unveiled the four pillars of its energy transition strategy. This includes accelerating RE development, developing a smart and green grid plan, upgrading ports for offshore wind capacity, and incentivizing voluntary early decommissioning and repurposing of CFPPs.

Building from the government's key strategies, preliminary results of the CSV work suggest that the Philippines will require a total of $165 billion from 2024 to 2050 with $156 billion for accelerating renewable energy development and building additional generation capacity, and $9 billion for upgrading the transmission system into a smart and green grid.

A key finding of the analysis is that investments could be organized under a "country platform" and sourced from a mix of public funds, and domestic and international private financing. International cooperation under the country platform could unlock financial flows in a shorter time frame. For example, grid expansion and modernization—designed to accelerate renewable energy expansion and facilitate voluntary CFPP retirement without sacrificing energy security— is estimated to require around $9 billion of investment. Raising this capital was identified by CSV as a potential key initial priority for a country platform.

At the conclusion of the scoping exercise in December 2023, the partners agreed to explore what it would take to establish a formal JETP "country platform". The goal would be to enable the government to pursue more robust and country-driven energy transition programs, while ensuring grid security, energy affordability, and inclusivity through strong public-private partnerships.

The goal is to achieve a **50%** renewable share of total power generation as early as **2040.**

Action Pathway 2

A coordinated country demand signal

The second pathway emerged from the fact that many countries have expressed interest in scaled support packages, including but not limited to Colombia, Kenya, Nigeria, Mexico, Thailand, Kazakhstan, Mongolia, and others. However, there is no mechanism or modality within the international financial system for these countries to access support, and no established process pathway to follow.

There could be a case for interested countries to come together and jointly announce their interest in a JETP-like package of support from the international community and international financial system. This could include a detailed appraisal of what these countries would need from the international community to scope, finance, and implement a faster energy transition. Such a signal could set the reform agenda for the international community and financing bodies by outlining a series of reforms needed to facilitate the scaling of JETPs. This demand signal could also potentially include actions and milestones that these countries would be willing to take to advance their energy transition, perhaps at a high level.

A coordinated demand signal from countries interested in at-scale support packages would send a powerful signal to potential support partners. It could change the political optics around the JETPs by illustrating that there is considerable pent-up demand and could provide a focus and impetus to reform the international financial system.

The action is therefore to support and facilitate a group of potential JETP countries to announce their collective interest in country support packages at-scale, and to align around a set of reforms required by the international system so that this demand can be met.

Action Pathway 3

MDB leadership

This third pathway emerges from the considerable momentum for reform of the MDB system around the need for country packages, which is evident[1] over the past three years. Country platforms can address pressures the MDBs are facing to mobilize more private finance and to work together more seamlessly.

Many actors and groups are keen to advance country platforms as part of the MDB reform agenda. The intent and level of interest is evident in numerous high-level reports and statements, yet the implementation has been lackluster. What's preventing the MDBs, the World Bank in particular, from leaning into this agenda? One barrier is that the Bank's Country Teams don't feel empowered to take the initiative on country platforms. The Country Engagement Model could be recalibrated given the Bank's expanded mission to do more on collective action problems.

Another barrier to the MDBs picking up the mantle is the large amounts of concessional capital required to incentivize and finance country packages. Without a fresh injection of capital and concessional finance, the Banks might prefer the ad hoc arrangement led by the IPG rather than another unfunded mandate.

However, this work can't be neglected until such time as there's a General Capital Increase for the MDBs or new and novel sources of finance are brought to bear. While continuing to push for additional resources, the interim focus must be to make better use of the money already in the system. This can be combined with the better use of important non-monetary technical and coordination capabilities MDBs bring to the table.

MDBs can therefore play a more prominent and proactive role to help design JETP packages, finance key projects, and crowding in financing from multiple sources. Individual MDBs can respond to political demand signals for packages of support in specific countries, especially by partnering at the behest of national governments through the in-country platforms that they might establish.

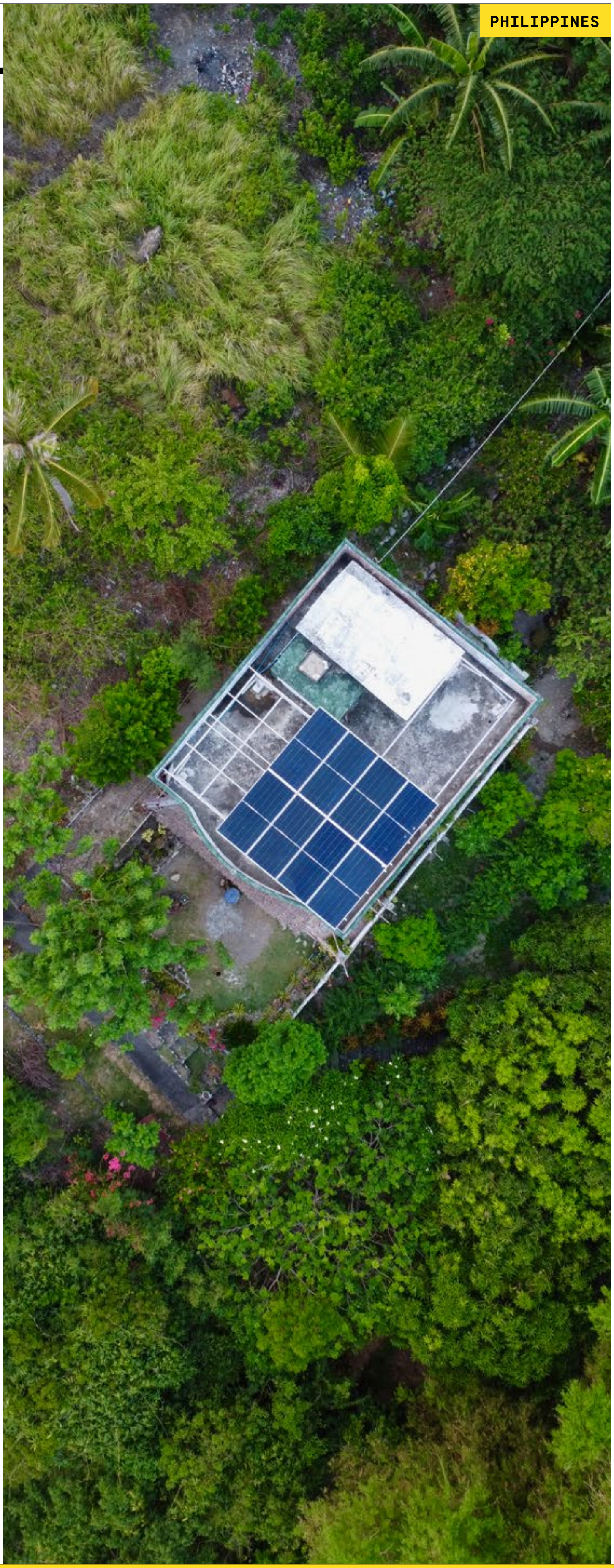
[1] See, for example: Joint MDB Statement from COP28: **https://www.ifc.org/en/statements/2023/cop28-mdb-joint-statement**; G20 Finance Ministers endorsement of Reference Framework for Effective Country Platforms (2020) **http://www.g20.utoronto.ca/2020/2020-g20-finance-0223.html**; G20 IEG 2023 Report (pg 25-28) **https://www.cgdev.org/sites/default/files/triple-agenda-roadmap-better-bolder-and-bigger-mdbs.pdf**; UK Special Envoy for Climate Action and Finnce Report (2021); **https://assets.bbhub.io/company/sites/63/2021/11/Country-Platforms-Action-Plan.pdf**; G20 Eminent Persons Group on Global Financial Governance Report 2018 (pg 35-37) **https://www.globalfinancialgovernance.org/files/g20epg-full%20report.pdf**

Action Pathway 4

Evolving the IPG group of donors

The IPG group of donors is primarily focused on implementing the existing four JETPs. IPG countries tend to say they cannot take on the political or resource burden of getting the next wave of JETPs across the line.

Nevertheless, the IPG must continue to play a key role in the JETP ecosystem that it helped create. It can do so by continuing to explore modalities whereby donor capital could be properly syndicated to support JETPs, associated investment plans and key projects. It could also seek to expand the IPG group by including new countries that are willing to provide new and additional contributions of concessional capital. Finally, the IPG group of donor countries could seek (either individually or as a group) to engage proactively in country platforms that have the objective of designing at scale packages of support for energy transition.



Conclusion

The outcome of the Global Stocktake concluded at COP28 in December 2023 highlights the urgency of increasing the pace of energy transition. More ambitious Nationally Determined Contributions by 2025 will have to be buttressed by updated credible and detailed investment plans and financing packages, informed by high-quality analysis and data.

There is a need to advance the four action pathways highlighted above urgently and simultaneously. They are mutually-reinforcing.

Philanthropy can play a role in supporting technical work, and by resourcing the establishment of nationally owned country platforms, which are institutional venues that support country leaders to engage with international donors and financiers.

However, countries that need JETP-like deals could also come together to send a stronger demand signal. Collectively they could set out what they need to produce a more granular, coherent, and credible investment plan, as well as setting a reform agenda with clear milestones for the international financial community to meet.

Individual MDBs can play a more prominent leadership role by responding to political demand signals for packages of support in specific countries and helping to design associated investment plans. Where country platforms are established, if requested by governments, they can play an essential coordination role by blending in other providers of capital to ensure key projects get financed.

Finally, the IPG must become as broad-based as possible to expand the donor pool and increase the availability of concessional capital, as this seems to be the biggest constraint on scaling JETPs and similar at-scale country packages.

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