The Accelerating Coal Transition (ACT) investment program is a one-of-a-kind mechanism that presents a unique opportunity for a large-scale solution to the generational crisis of climate change. In November 2021, CIF established the ACT program to support coal-reliant developing countries as they capitalize on this moment of change. The ACT program is structured around three core pillars – governance, people and communities, and infrastructure – each designed specifically to address one of the three major challenges of coal transition. The goal of ACT is to provide the support needed to ensure a holistic, socially-inclusive, and equitable transition.

ACT provides a dedicated platform that offers resources at scale at a time when these countries are facing competing pressures on their public finances. It will have a powerful demonstration effect by testing different models and approaches that can be applied more widely, thereby further accelerating the rate and scale of energy transition.

In the first phase of the $2.5 billion ACT program, CIF selected South Africa as one of four pioneer countries for investment alongside India, Indonesia, and the Philippines.

ACT funding will be channeled through multiple multilateral development banks (MDBs) and mobilize financing from the government of South Africa, as well as the private sector and other development partners. The $500 million of ACT funding is expected to directly catalyze 5.3 times ($2.605 billion) as much investment for South Africa’s Just Energy Transition Partnership, or JETP, mostly from public-private partnerships for repurposing and replacing coal based power generation capacities with dispatchable renewable power generation. MDBs have a critical role to play in helping countries meet their climate ambitions by leveraging institutional expertise, experience, networks, safeguards, and other policies. They are committed to increasing clean energy, sustainable land-use and other green infrastructure investments while mobilizing private finance.

CIF’s ACT program and its financing mechanisms will help catalyze South Africa’s long-term transition from coal, while generating job creation and upskilling that will last into the future.

South Africa runs on coal. 87% of the country’s 52 GW of installed generation capacity is coal-fired, and coal is responsible for almost half of all national CO2 emissions. This is also an energy system that is rapidly aging. The moment is ripe for an extraordinary transition. Yet as South Africa shifts from coal to clean power, there are numerous challenges that must be tackled at the same time. The ACT investment plan is specifically tailored to address each of South Africa’s unique challenges. First, it will demonstrate potential solutions by the public sector to ramp up the process of decommissioning Eskom’s coal-fired power plants, providing opportunities for further scale up even after this phase of CIF’s supported work is completed. Secondly, it will increase the national power supply capacity from renewable sources through a series of public and private sub-projects. Finally, it will focus on the long-term impacts on lives and livelihoods, creating new opportunities for coal workers and affected communities to meet South Africa’s energy security, climate change, and poverty reduction targets.