

**CIF Admin Unit**

03/09/2009 05:55 PM  
3-4733

To CTF TFC Members  
cc CTF-TFC CC, CIF Observers, CIF-RDB List  
Subject Notification of CTF Joint Mission to South Africa

Dear CTF Trust Fund Committee Members,

The CTF Guidelines for Investment Plans call for the CIF Administrative Unit to inform the Trust Fund Committee of country expressions of interest and all planned joint missions for the preparation of investment plans.

The purpose of this email is to notify you that the Multilateral Development Banks (MDBs) have received a request from the Government of South Africa (dated February 15, 2008) indicating its interest in accessing CTF funds and requesting a mission of AfDB, IBRD and IFC to support the government in the preparation of a CTF investment plan. South Africa is eligible for access to CTF resources, since it is ODA-eligible and has active MDB country programs. A joint MDB assessment confirmed the potential fit of the country request with the CTF investment criteria for significant greenhouse gas emissions savings, demonstration potential at scale, development impact and implementation potential.

In particular, South Africa is one of the few countries in the world that heavily relies on coal to meet its energy needs, with 75% of total energy consumption from coal in 2004. Power production, predominantly coal-fired, accounts for almost half of CO<sub>2</sub> emissions, with synthetic fuel production, energy-intensive industries (mining, iron and steel, cement), and the transport sector for most of the rest. The South Africa has begun taking steps to address the energy challenges while promoting a low carbon growth path. Highlights include:

- South Africa ratified the United Nations Framework Convention on Climate Change (UNFCCC) in August 1997 and acceded to the Kyoto Protocol in July 2002.
- South Africa developed a 2004 *National Climate Change Response Strategy*, which outlined a broad range of principles and policy measures of mitigation and adaptation to climate change;
- Mostly recently, South Africa developed the Long-Term Mitigation Scenarios (LTMS) that outlines the government's vision and leadership in climate policies. The LTMS is the first of its kind in developing countries with its pioneering effort to combine high-quality research-based scenarios with extensive stakeholder consultation process. The LTMS recommends five priority climate change mitigation options in South Africa -- industrial energy efficiency, renewable energy, nuclear, passenger modal shift, and improved vehicle efficiency.
- South Africa adopted a 2006 *National Energy Efficiency Strategy*, which set an ambitious national target for energy efficiency improvement of 12% by the year 2015. In April 2006, a National Energy Efficiency Agency (NEEA) was established with the mandate to promote energy conservation.
- South Africa adopted a 2005 *White Paper on Renewable Energy*, which set a target of 4% of electricity demand (equivalent to 10,000 GWh) from renewable energy sources in 2013, and is developing feed-in tariffs for renewable energy.
- The LTMS also recommends introducing stringent thermal efficiency standards and requiring CCS ready for all new coal-fired power plants.
- Furthermore, the South Africa government has announced a levy on electricity from fossil fuels.

The joint mission of AfDB, IBRD and IFC will visit South Africa between **March 23-27, 2009**. The objectives of the mission are to: (i) agree on a broad strategy for CTF investments which is in line with the Long Term Mitigation Scenarios and government's strategies in renewable energy and energy efficiency, as well as transport; (ii) agree on the types of priority projects to be included in the Investment Plan submitted for CTF co-financing; and (iii) explore opportunities for sub-regional collaboration on implementing concentrated solar power. A meeting with other development partners working in South Africa, including UN and bilateral agencies, is planned to ensure coordination with such partners. The contact point in the country for the joint mission is Mr. Zaheer Fakir, Department of Environmental Affairs and Tourism (zfakir@deat.gov.za).

- This mission falls in the category 2 Investment Plan (i.e. public and private sector).

Sincerely,

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