



**national planning
commission**

Department of Planning, Monitoring and Evaluation
REPUBLIC OF SOUTH AFRICA

Pathways for a Just transition to a low carbon, climate resilient economy & society

**ILO training on Promoting a just transition
in Southern Africa
09 October 2019**

The slide features a teal header bar with a white title. To the left of the title is a teal rounded rectangle containing a white silhouette of a nuclear power plant. The background of the slide is white with teal abstract shapes on the left and a blurred image of hands at the top.

Transition to a low-carbon economy

- Background**
- Context in the NDP**
- Process Undertaken**
- Vision and Pathways for a Just Transition – Where are we?**
- Way Forward**



Transition to a low-carbon economy

Background

- South Africa faces urgent developmental challenges in terms of poverty, unemployment and inequality
- On the other hand damage done to the environment as a consequence of dominant patterns of industrialisation and unsustainable consumption has already brought many natural systems upon which society ultimately depends close to, and in some cases beyond, dangerous tipping points
- With increased risk posed by global warming and climate change, South Africa, which is regarded as most vulnerable due to its geographical location in the dry sub-tropics and socio-economic landscape, is no exception to likely changing atmospheric variables
- Who pays the most price- Our vulnerable communities especially the poor
- In responding to these, there is a need to break the links between economic activity, environmental degradation and carbon-intensive consumption patterns while remaining competitive within the global economy
- However, a better understanding is needed on the nature of competitiveness in this changing global economy, as well as the impediments to the economic transitions, and how to overcome these in a Just manner

The plan bostic





Transition to a low-carbon economy

Context in the National Development Plan

- By 2030 – An environmentally sustainable society, expanded low-carbon economy and reduced emissions
- **South Africa has reduced poverty and unemployment to socially sustainable levels, as emissions reach a plateau.**
- **Thriving rural communities are providing an economic and social base for a significant number of people.**
- Urban development is more compact and energy efficient.
- Growing public awareness of the consequences of climate change and unconstrained consumption of our natural resources leads to a refocusing of political priorities towards the protection and rehabilitation of the region's natural assets.
- **Investment in low-carbon and climate-resilient infrastructure has enabled South Africa to export and profit from its technologies and skills, and benefit sectors that deliver enhanced energy, food and water security, new high-quality job opportunities, and improved quality of life.**
- The state is well capacitated and comfortably manages its policy, regulatory and support functions.
- **The transition has been aligned with South Africa's efforts to address poverty and inequality.**
- The benefits of building resilience are evident in the strides towards a flourishing and prosperous nation. Various incentive frameworks and a suite of comprehensive carbon-pricing policies have catalysed high levels of private investment in mitigation and adaptation activities, and generated public resources for reducing emissions.



Transition to a low-carbon economy

NDP GUIDING PRINCIPLES

- Just, ethical and sustainable
- Global human solidarity
- Ecosystems approach – human well-being dependent on well-being of the planet
- Strategic planning – apply a systems perspective, dynamic, flexible and responsive to emerging risk and opportunity and the effective management of trade-offs
- Transformative
- A managed transition
- Opportunity focused
- Full cost accounting – internalise externality costs
- Effective participation of social partners
- Balance evidence-collection with immediate action
- Sound policy making
- Least regret – invest early
- Regional approach
- Accountability



Transition to a low-carbon economy

Some unresolved issues in the NDP

- Transition costs – how much, who pays, who bears the costs
- Role of energy efficiency – ambition, scale, instruments
- Energy Mix - Role of coal, nuclear, gas in the transition
- How to build resilience – communities, economic sectors, eg. Drought and other extreme weather events
- How do we maximise job creation and how do we deal with job losses?
- Types of incentives
- When, where and how do you cushion the poor?
- When, where and how do we cushion “losing” sectors?
- How do we deal with Trade offs, lock-ins and sunken costs
- Shape and structure of the energy industry
- Competitiveness – short term versus long term
- Restructured Economy?
- Development model?



Transition to a low-carbon economy

Process followed

- Chapter 5 in the NDP became a **high level first phase** of recommendations – peg in the ground
- The National Planning Commission (NPC) agreed to convene a high-level **Phase 2 process** that will develop pathways up to 2050 with concrete options for a low-carbon economic and climate-resilient future for South Africa
- Phase 2 of the work has commenced. In a form of a year long Initiative bringing together a group of social partners (government, labour, private sector and civil society), experts and society at both high and community level for a series of dialogues to come up with 2050 vision and best Pathway(s) for a Just Transition
- Aim to develop consensus on a vision for 2050 and plot the different paths to transition to low carbon society that also addresses the triple challenge of reducing poverty & inequality and creating jobs
- Potential to use this consensus as basis for a social compact in the country



Transition to a low-carbon economy

Engagement activities

- Social Partner dialogues held in all 9 provinces
- Community meetings
- Constituency Roundtables – Youth, Labour,
- Bilateral – EIUG, SANEDI, DPE
- Concluding Conference
- Working Group – Commissioner, NPC Secretariat, DEA and service providers



Transition to a low-carbon economy

Concept of Just Transition

Agreement on supporting the **ILO definition and guidelines on Just Transition**

For the purposes of the NPC process we adopted the broadened approach for the Just Transition to a low carbon, climate resilient economy and society, that also includes defending and protecting the rights of the most vulnerable, including women, children, people with disabilities, those that are poor and the working class more broadly.



Transition to a low-carbon economy

CRITICAL APPROACHES FOR A JUST TRANSITION

- The Just Transition must be considered from an **economy-wide perspective** and not only as an energy transition.
- There needs to be a proactive and managed approach to systemic and structural changes to the economy to avoid social and economic disruption. This includes the negotiation of **labour and social plans for sectors impacted by the transition**.
- **Collaboration, partnership, and good governance** is central to achieving a Just Transition. Without the participation of all stakeholders, especially workers, there will be no Just Transition.
- **Political will** is essential to enable vertically integrated policies and regulations to support the transition
- **Policy alignment and implementation** is critical.
- **Information and knowledge sharing, transparent data, awareness, and communication** with all parties will facilitate the planning for a Just Transition.
- Costing the pathways for a Just Transition, including the **identification and mobilisation of resources** for this, is critical for the achievement of a just transition.
- The need to invest in **education and reskilling** will be critical for the success of a Just Transition



Transition to a low-carbon economy

What we heard: Challenges

- Water and air is polluted– cattle are dying and there are no fish in the rivers
- Health a major issue
- Access to land for agriculture and livelihoods
- Access to affordable and safe energy
- Unemployment
- Jobs and need for reskilling
- Safety a priority
- Want to be engaged and consulted throughout
- Want to be involved in decision making processes
- Awareness and dialogue in communities
- Communities are side-lined
- No one accepts responsibility and not sufficient political will
- South Africa is no longer competitive; power is too expensive to attract (and sustain) investors.
- Energy Intensive Users directly support 600 000 jobs – if prices continue to rise jobs can be lost.
- South Africa's energy future looks uncertain, resulting in low rates of investment, need predictability and strong policy direction



Transition to a low-carbon economy

What we heard: Opportunities

- Huge potential for both job creation and cheaper power in the energy transition, particularly renewable energy
- Base SA's new energy system on socially owned renewables with jobs in manufacturing, construction and operations & related SME opportunities
- Rehabilitate closed mining land for agriculture and RE, solar parks
- Bring in the voice of the youth
- Decentralisation rather than centralisation, i.e municipal energy and water systems
- Education, awareness and information sharing- for greater partnerships and cooperation

“South Africa’s Minerals Energy Complex created the world’s most unequal society, ruined land and water, polluted the air, harmed people’s health and destabilised communities. Burning coal, oil and gas also drives climate change” - GroundWork



Transition to a low-carbon economy

VISION AND PATHWAYS – WHERE ARE WE?

- Draft report presented at Concluding Conference
- Agreements reached on Vision and key issues
- Paper being revised with outputs from conference towards a Just Transition Summit



Transition to a low-carbon economy

VISION 2050

Through putting people and especially vulnerable people at the forefront, South Africa will have achieved a **zero-carbon[net-carbon]**, or as near as possible, economy by 2050. We have built the resilience of our economy and our people through affordable, *decentralised, diversely-owned renewable* energy systems; conservation of our natural resources and ecosystems, equitable access of our water resources and equitable, inclusive and sustainable land-use for all. The high value we place on healthy ecosystems, flora and fauna, land, water and air, improved livelihoods, and quality health services and education underpins our future, and ensures a better life for all who live in South African.



Transition to a low-carbon economy

PATHWAYS for Water, Land-Use and Energy

- The details are being re-worked.
- They are considered building blocks rather than Pathways
- Each will have an End-State for 2050
- Back-cast to what needs to happen from now to 2050 in periods of 5 years
- Baseline set at 2019



Transition to a low-carbon economy

Continuous conversation: Hard questions to be answered

- South Africa is dependent on coal and the energy intensive industries that are built around coal and coal fired electricity.
- This dependence contributes to climate change. South Africa has made commitment to deal with climate change. We will need to shift.
- There are those who still want coal to be central to our future. There are those who want clean and safe energy, like renewables.
- Each sector has its own need and positions. We will need to address these hard trade-offs.
- We will need to identify ways to deal with winners and losers in the transition.
- For example: There is an intention to unbundle Eskom ,Labour is against unbundling ESKOM and the coal transition, fearing job losses
- There is an intention to grow large scale renewable energy, What about small scale community RE?



Transition to a low-carbon economy

INSTITUTIONAL HOME FOR JUST TRANSITION PLANNING

- Proposal – **Presidential Commission on Climate Change**
- No agreement reached yet.
- Concerns about its mandate and representatively – concerned that if it is just about jobs that would be too narrow a mandate

Immediate Actions:

- **Hot Spot Just Transition Pilots:**
 - Highveld
 - Free State
- **Social and Labour Plans for Decommissioning of coal power plants:**
 - Negotiations and planning should urgently commence



Thank you

Ms Mukondi Masithi

Mukondi@dpme.gov.za