MAPUNGUBWE
INSTITUTE FOR STRATEGIC REFLECTION (MISTRA)

A MISTRA Policy Brief

A research project of the Mapungubwe Institute for Strategic Reflection (MISTRA)

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A Just Transition to a Low Carbon Future in South Africa

This policy brief is informed by MISTRA's edited research publication, *A Just Transition to a Low Carbon Future in South Africa.* The book develops core aspects of the just transition debate as it unfolds in South Africa, and offers concrete policy proposals for facilitating a just transition. It reframes the notions of a 'just transition' in the South African context, and provides imperatives for the social justice and equity needed in the country's low carbon transition.

High-level experts, in relevant fields, argue that any low carbon transition that does not address South Africa's socioeconomic challenges will not succeed.

The core focus of the research is a shift from a traditional economic development pathway, which focuses solely on economic growth, towards one that also considers the environment and broader society. The main question posed relates to how South Africa can decarbonise while providing economic opportunities for the most vulnerable and alleviate inequality. The key findings and policy recommendations below are based on the research presented in the book.

Key findings

1. A just transition in South Africa requires polices and strategies that are people-centred. South Africa's most vulnerable citizens will ultimately be disproportionately affected by climate change, and so this group constitutes the most important stakeholder in any transition.
2. South Africa's emerging energy system, which has increased renewable-energy capacity, requires structural reform of the energy services sector. This would facilitate a shift from the traditional Minerals Energy Complex (MEC) to a new green MEC.
3. Policies and strategies relating to industrial development; employment; skills development; energy distribution and security, and just transition finance need to be aligned with the principles of a just transition.
4. South Africa needs to industrialise to achieve meaningful economic growth. Green industrialisation must be at the centre of South Africa's low carbon transition in order to allow for economic growth and the simultaneous placing of people first.
5. The skills and training required for a low carbon economy need a fresh approach from all stakeholders involved, with the recognition that the energy sector will not be able to make up for anticipated job losses. Therefore, community involvement in skills planning is important and alternative forms of development should be prioritised in affected areas.
6. Technological innovations must be used to address energy equity, as well as the current demand for energy.
7. South Africa must reap benefits from the advances of modern technology, science, and industrial development. However, these benefits should be used to shape a transition that does not only align with the requirement to modernise Africa's energy systems but also helps meet the need to localise the scale of new clean energy technologies, and ensure they have stronger linkages to beneficiation and industrial development.
8. Social justice and climate are intersectional issues. Alliances between labour and climate activists to forge new types of arrangements will ensure a fair and inclusive low carbon transition.
9. Just transition finance must ensure adequate, predictable and accessible funding for the most vulnerable and other affected stakeholders.

POLICY RECOMMENDATIONS

Policy framework for an inclusive low carbon transition

- South Africa must develop a truly comprehensive policy framework that combines the co-objectives of clean energy and industrialisation. This needs to be done with great urgency and with tangible timelines established, because the issues are imminent
- The country's industrial, employment and climate policies must be assessed for their readiness for a just transition. A framework for this assessment, which evaluates these key policies in terms of their alignment with South Africa's decarbonisation ambitions, must be developed.
- Existing industrial capacity in the energy, automotive and hydrogen sectors can be adapted to play a bigger role in green industrial development, provided the relevant policy landscape includes ambitious, long-term policy vision.
- The important role of local politics and political economies in meeting energy needs and in a just transition is often overlooked. Many municipalities are dysfunctional and struggle with delivering services to communities. However, the implementation of plans for a just transition will need to be rolled out, even if municipalities suffer from skills and resource scarcities. Municipalities should be far more active in shaping just transition outcomes at a local level, and in the clean energy transition. Policy reform is required to expand the role of local government in just transition plans beyond current limitations.

Social cohesion for the just transition

- Just transition dialogues must extend to all citizens: South Africa is a democratic country, and a democracy calls for involved and engaged citizens who have a say in decisions that affect them. Engagement with all stakeholders must be prioritised, given the nature and colonial history of South Africa's society, for an inclusive low carbon transition. An independent, cross-sectoral and multi-disciplinary forum must be established to provide the necessary locus for climate and transition discussion.

- There is an urgent need for a government institution or political infrastructure to manage the transition. This requirement should not be underestimated. There should be strategic and nuanced discussion and policy decisions on transitional sources of energy such as gas and nuclear energy.
- The green climate movement must work closely with the labour movement to help ensure that the needs of the people most affected by the low carbon transition are met. Again, social justice and climate are intersectional issues and must be treated as such.

Economic growth

- Energy-intensive sectors in South Africa – including mining, chemicals and manufacturing –must develop alternative decarbonised energy sources. These sectors contribute immensely to the country's gross domestic product (GDP) and therefore their decarbonisation will greatly affect the economy.
- South Africa must use the African Continental Free Trade Agreement (AfCFTA) to promote a continent-wide industrialisation through renewables. The linkages between energy and industrial policies must be used as mechanisms to transition from the current Minerals Energy Complex towards an industrial framework based on renewable energy.
- The energy transition must be framed within a broader developmental model for Africa for the climate agenda to succeed on the continent.
- The integration of renewable energy, to achieve a decentralised power system, must be accelerated. New energy sources and policy reforms can contribute to the South African economy, and thus improve energy security and decarbonise the grid.

Technology as an enabler

- Green hydrogen and fuel cell technologies must be used as tools to address energy equity, and to bridge the existing gap in the provision of electricity in remote areas. Green hydrogen technologies will play a big role in decarbonising hard-to-abate sectors, and they present a potentially large export market for South Africa. The country must exploit its existing mineral reserves and long-term fuel cell technology investments to develop effective strategies for decarbonisation and wider energy access.
- Coherent government policies will be needed to facilitate the fastest possible rate of hydrogen development and to offer adequate incentives for the transition towards green hydrogen. South Africa needs to commit to a systematic, transparent, accountable and enabling policy environment for hydrogen. This will allow the country to leverage the opportunities provided by the hydrogen economy for the benefit of all.
- The formation of fully-fledged hydrogen and fuel cell industries can be achieved through a partnership between government and the private sector. Government can provide funding; the private sector can co-fund and lead the development of pilot models and demonstrations of hydrogen technologies.
- Technology will also play a critical role in the uptake, distribution and electrification of renewable energy. Clean energy at an appropriate scale can be achieved through the mobilisation of local authorities and metros around an enabling policy and infrastructure framework which will promote the decentralisation of energy provision.

Adapting to the transition in coal areas

- Vulnerable communities, particularly those in coal areas, must be included in just transition debate and plans as they suffer from the so-called triple jeopardy: they face (1) existing socio-economic disadvantages; (2) the effects of pollution, which exacerbate their socio-economic exclusion and (3) the threat of being greatly affected by the transition away from coal. Communities in coal areas need to be taken along while further government efforts go into alleviating this jeopardy.
- Coal mining areas will require a different vision for development. This vision should include alternative

forms of economic growth and stimulation for areas facing the job losses that inevitably result from the retiring of coal plants.

- New types of economic investment, including regenerative agriculture and renewable energy plants, must be considered for implementation in coal areas.

Skills development and jobs

- Skills development will play a crucial role in unlocking the potential for reimagining jobs and work in a just transition. The country's tertiary education systems (university and Technical and Vocational Education and Training (TVET) college systems) must be aligned with industry's needs and with the necessity for improving labour absorption in the future low-carbon economy. Tertiary education systems must be required to offer appropriate qualifications and to turn out graduates who can meet the requirement of the sectors emerging in the low carbon transition.
- A just low carbon transition requires a different approach to skills development from the one that South Africa is accustomed to. South Africa must build systems for skills research, planning and analysis relevant for communities and the labour market. This approach to skills development should be reflective of the sustainable pathways and particular visions of places, industries and region required to enable a just and inclusive low carbon economy.

Financing the low carbon transition

- The emerging just transition cannot take place without finance. South Africa should not focus only on the need for climate finance for the sectors engaged in energy transitions. Rather, finance strategies should also be developed for other sectors which must engage in deep decarbonisation strategies.
- Government must accelerate the unbundling of the power utility Eskom into three separate entities namely ones dealing with generation, distribution and transmission. This restructuring could potentially attract global climate concessional finance which could resolve Eskom's debt and also finance new infrastructure for clean energy. Em rest quam laborit, a dolupta tusamus, omnit et reped utem sArcil

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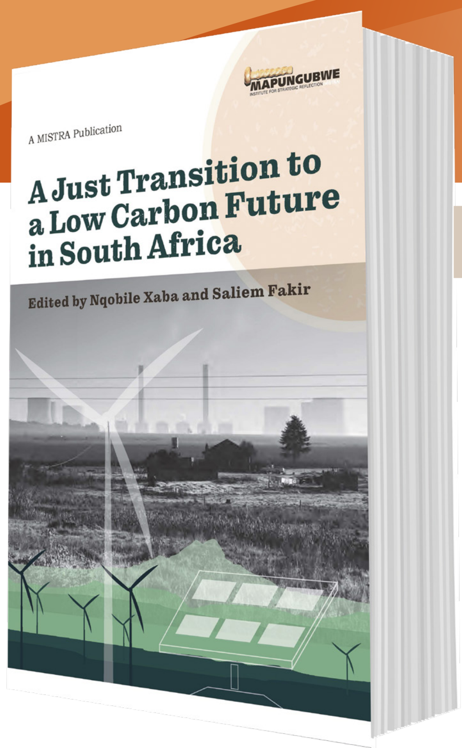

The published book containing the research report entitled A Just Transition to a Low Carbon Future in South Africa *can be purchased from:* **sales@jacana.co.za | Tel: +27 011 628 3200**

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