

Towards Greener Growth in South Africa: The Policy Framework

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Introduction:

Why green growth in South Africa?

Environmental challenges

- Air pollution and climatic change
- Biodiversity loss & damage to terrestrial ecosystems
 - 25% of the country's terrestrial habitats have been transformed from their natural state
- Land degradation
 - At least 500 million tonnes of topsoil lost annually to wind & water erosion
 - only 13% of the country's land is considered arable
- Water pollution & water quality management
 - uses 31% of the available water resources and is predicted to reach levels of water stress & scarcity by 2025
- Waste
 - 0.7 kg per person per day

Introduction:

Why green growth in South Africa?

Socio-economic challenges

- Production structure:
 - Energy-intensive mining and the associated refineries dominate the economy, accounting for 10% of the GDP but over half of exports
 - Industries use around 80% of electricity
 - This, coupled with under-pricing of essential resources (water & energy) have resulted in inefficient technologies and wasteful behaviour
- SA is faced with the triple developmental challenge
 - **unemployment** (25.5% in 3Q2012)
 - **poverty** (23% based on a R283 a month poverty line; 50% based on a R524 a month poverty line)
 - **Income inequality** (gini coefficient of 0.7)

Introduction:

Why green growth in South Africa?

Greening the economy presents growth opportunities for South Africa

- Biodiversity
 - South Africa contains almost 10% of the world's total known bird, fish and plant species, and over 6% of the world's mammal and reptile species
 - Cape Floristic Region & the Succulent Karoo are internationally recognised biodiversity hotspots
 - the Cape Floristic Region considered the richest plant kingdom in the world
- Mineral resources
 - South Africa is home to the largest underground non-energy mineral resources in the world – estimated at over \$US2.5 trillion in 2010
- High potential to use solar, wind and hydro- energy
 - Green sectors/industries could potentially foster growth and unemployment

The challenge of green growth

- Striking a balance among economic, social and environmental considerations in the face of high levels of unemployment, poverty and income inequalities
- Concerns of a contraction and potentially high job losses in carbon-intensive (esp. mining and energy) sectors:
 - ‘Winners’ and ‘losers’
 - Adjustment costs for workers and firms dependent on these sectors
 - Factor immobility
 - Poor information
 - Limited number of institutions to diffuse new technologies for smaller enterprises and poor households
 - In the long run, factor mobility and information invariably improve but stakeholders may not be able to consider these long-term opportunities

South Africa's approach to green growth

- Green growth is not an aim in & of itself, but a tool to achieve sustainable development
 - the quality (& quantity) of growth matters
- Not all measures to promote green growth necessarily improve and protect livelihoods - social inclusion remains a critical imperative
- Government has a role to play in the transition to greener growth
- Public-private partnerships critical (e.g. in the procurement of renewable energy and energy efficiency)
- Green growth policies need to be aligned to national objectives and the fulfillment of internationally agreed development goals, including the MDGs

South Africa's approach to green growth: informed by national and internationally-set targets

**Sustainable
development
recognised as a human
right in the Bill of
Rights**

**Millennium Development
Goals
(poverty reduction,
environmental
sustainability)**

- Kyoto Protocol
- UNFCC
- Convention on International Trade in Endangered Species of Wild Fauna and Flora
- Convention on Biological Diversity
- International Convention of the Regulation of Whaling
- Ramsar Convention on Wetland of International Importance
- Basel Convention on the Control of Transboundary Movement of Hazardous Wastes and their Disposal
- Stockholm Convention on Persistent Organic Pollutants
- Montreal Protocol for the Protection of the Ozone Layer
- Etc.

**National
Targets**



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The green growth policy framework

Environmental Fiscal
Reform Policy Paper
(National Treasury, 2006)

Ten-year Innovation Plan
(Department of Science &
Technology, 2008)

Medium-Term Strategic
Framework 2009-2014
(National Planning
Commission, 2009)

Industrial Policy Action
Plan
(Department of Trade &
Industry, 2010, 2011 &
2012)

New Growth Path: Green
Economy Accord
(Economic Development
Department, 2010)

Integrated Resource Plan
2010-2030
(Department of Energy,
2011)

National Climate
Change Response -
White paper
(Republic of South
Africa, 2011)

The National Strategy for
Sustainable Development
and Action Plan
(Department of
Environmental Affairs,
2011)

National Development
Plan - Vision 2030
(National Planning
Commission, 2011)

Policy alignment challenges

- Policies are not necessarily aligned
- Support for capital and energy (carbon) intensive sectors through IPAP
- Localization of green technologies which raises the cost of transitions to a greener economy
- One department is introducing a carbon tax while another is introducing carbon budgets
- Energy planning limits regional sourcing of cheap and clean electricity while the country is trying to find cheap ways to reduce emissions
- Need for coherence among multiple policies and coordination among the various departments and other government actors responsible for its implementation

The green growth policy framework: National Development Plan



The green growth policy framework: National Development Plan

Proposed actions/interventions

- An independent Climate Change Centre, in partnership with academic & other appropriate institutions, to support the actions of government, business & civil society
- A regulatory framework for land use, to ensure the conservation and restoration of protected areas
- A carbon price, building standards, vehicle emission standards and municipal regulations to achieve scale in stimulating renewable energy, waste recycling and in retrofitting buildings
- Carbon-pricing mechanisms, supported by a wider suite of mitigation policy instruments to drive energy efficiency
- All new buildings to meet the energy efficiency criteria set out in South African National Standard 204
- Channel public investment into research, new agricultural technologies for commercial farming, as well as for the development of adaptation strategies and support services for small-scale and rural farmers

The green growth policy framework: National Development Plan

Progress to date

- A Land Management Commission is being set as part of putting in place a regulatory framework for land use
- Carbon pricing:
 - A carbon tax with exemptions is proposed for 2013
 - Motor vehicle emissions tax – purchase tax of R75 gCO₂/km for each emission exceeding 120gCO₂/km (passenger vehicles) and double cabs subject to tax of R100 for emissions exceeding 175gCO₂/km
- Solar Water Heater installations stand at just over 200 000 in 2012 (compared to the targeted 1 million by 2014/2015)
- Accelerated depreciation allowances for renewable electricity generation and biofuels production
- Procurement has started on the first 3.7 GW of electricity supply from renewable energy out of a plan for 17.8 GW by 2030
- New building energy efficiency regulations implemented
 - All new buildings to meet the energy efficiency criteria set out in South African National Standard 204

Conclusions

- South Africa is making progress in greening the economy and ensuring growth is green
 - There are several different initiatives and policy proposals that are often formulated and implemented in isolation
 - Initiatives and policies are not necessarily aligned
- Need for coherence among multiple policies and coordination among the various departments and other government actors responsible for its implementation
- National Development Plan attempts to address this policy gap, but not sufficiently so
- Efforts are underway to develop a Green Growth Policy/Strategy to close this policy gap and thus improve policy coherence

Thank you

