National Development Plan – 2030

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

Where are we? Where should we be? How do we get there?

Talanoa Dialogue
23 & 24 August
Background

• The National Development Plan (NDP) 2030 is South Africa’s long term vision and plan.
• The NDP was adopted by Parliament in 2012.
• The National Planning Commission (NPC) responsible for drafting the NDP, is an independent Advisory body appointed by the President.
• The second NPC is tasked with monitoring the implementation of the NDP, reviewing and strengthening the NDP through research and stakeholder engagement and acts as a think tank.
Poverty and Inequality

- Too few jobs
- Crumbling infrastructure
- Resource intensive economy
- Spatial divides
- Poor education
- High disease burden
- Poor public service
- Corruption
- Divided communities

The plan possible
WHERE ARE WE?

“The triple challenge of high poverty, high inequality, and high unemployment persists. Poverty remains high for an upper middle-income country with more than half (55%) of the population of South Africa being poor at the national upper-bound poverty line of ZAR 992 per person per month in 2015 prices.” World Bank Report on Overcoming Poverty and Inequality in South Africa
World Bank Report conclusions:

• By any measure, South Africa is one of the most unequal countries in the world.
• Although South Africa has made progress in reducing poverty since 1994, the trajectory of poverty reduction was reversed between 2011 and 2015, threatening to erode some of the gains made since 1994.
• Poverty is consistently highest among black South Africans, the less educated, the unemployed, female-headed households, large families, and children.
• Poverty remains concentrated in previously disadvantaged areas, such as the former homelands – areas that were set aside for black South Africans along ethnic lines during apartheid.
• Low growth perspectives in the coming years suggest poor prospects of eliminating poverty by 2030 as envisaged in the National Development Plan.
WHERE ARE WE?

According to StatsSA:

- **The unemployment rate** in South Africa **increased to 27.2 percent** in the second quarter of 2018 from 26.7 percent in the previous period. The **number of unemployed** rose by 103 thousand **to 6.08 million** while the number of employed fell by 90 thousand to 16.29 million.

- The expanded definition of unemployment, including people who have stopped looking for work, increased to 37.2 percent in the second quarter of 2018 from 36.7 percent in the first quarter.

- **Youth Unemployment Rate** in South Africa increased to **53.70 percent** in the second quarter of 2018 from 52.40 percent in the first quarter of 2018.

- Despite the general decline in poverty between 2006 and 2011, poverty levels in South Africa rose in 2015. **More than half of South Africans were poor in 2015**, with the poverty headcount increasing to 55.5% from a series low of 53.2% in 2011. The figures are calculated using the upper-bound poverty line (UBPL) of R992 per person per month (pppm) in 2015 prices. This translates into over **30.4 million South Africans living in poverty in 2015**.
WHERE ARE WE?

• The South African economy continues to be dependent on its Minerals and Energy complex – “resource curse”
• South Africa is in a low-growth trap – the Economy has been growing at 3% on average prior to global financial crises however it has been unable to grow beyond 2% since.
• Manufacturing, Agriculture and Mining sectors shedding jobs
• Economy is still fossil fuel dependent (mainly coal) – but Renewable Energy growing
• South Africa’s BUR states that the energy intensity of the economy has resulted in an emissions profile that differs substantially from that of other developing countries at a similar stage of development.
• In its National Climate Change Response Strategy, South Africa notes that it is a relatively significant contributor to global climate change, with significant GHG emissions from its energy intensive, fossil-fuel powered economy, which is almost 4 times the world average
• Water resources a challenge in many drought stricken parts of the country
WHERE ARE WE?

ECONOMIC RISKS OF CLIMATE CHANGE

- Poverty, Inequality and Unemployment – remain key risks exacerbated by climate change impacts
- Water security; Food security; Energy security; Biodiversity loss; Marine and Coasts (acidification and sea-level rise)
- Natural resource scarcity leading to conflict (breakdown in social cohesion)
- Impacted Sectors: Energy, Mining, Agriculture, Transport, Tourism, Construction, Health

"Climate change will amplify existing risks and create new risks for natural and human systems. Risks are unevenly distributed and are generally greater for disadvantaged people and communities in countries at all levels of development.”
IPCC Synthesis Report 2014 (AR5)

"From a poverty perspective, climate change impacts are projected to slow down economic growth, make poverty reduction more difficult, further erode food security and prolong existing and create new poverty traps, the latter particularly in urban areas and emerging hotspots of hunger”
IPCC Synthesis Report 2014 (AR5)

“Mitigation and adaptation raise issues of equity, justice and fairness. Many of those most vulnerable to climate change have contributed and contribute little to GHG emissions. Delaying mitigation shifts burdens from the present to the future, and insufficient adaptation responses to emerging impacts are already eroding the basis for sustainable development”.
IPCC Synthesis Report 2014 (AR5)
Chapter 5: End state 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.
- 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.
The transition to a low-carbon economy is complex. We have high levels of CO2 emissions, which requires commitment to our economic development being hugely dependent on fossil fuels. We have significant coal resources, and we have unacceptably high levels of poverty, unemployment, and inequality. The process of transitioning to a low carbon and climate resilient economy has to place eradicating poverty and reducing inequality at the centre.

An expanded renewable energy programme; appropriate policy instruments; proactive and transparent government actions; better and effective regulation around carbon pricing, building and construction standards, transport; and robust M&E are necessary.

HOW DO WE GET THERE? A Just Transition

**Just Transition** is a framework that has been developed by the trade union movement to encompass a range of social interventions needed to secure workers' jobs and livelihoods when economies are shifting to sustainable production, including avoiding climate change, protecting biodiversity, and ending war, among other challenges.

It has been broadened beyond a focus on protecting workers only, but also encompasses wider society, especially the most vulnerable, viz poor and working class communities.
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2. We have significant coal resources.
3. We have unacceptably high levels of poverty, unemployment and inequality.

The process of transitioning to a low-carbon and climate resilient economy has to place eradicating poverty and reducing inequality at the center. An expanded renewable energy programme; appropriate policy instruments; proactive and transparent government actions; better and effective regulation around carbon pricing, building and construction standards, transport; and robust M&E.

**HOW DO WE GET THERE?**

We need to ensure a long-term planned and managed transition that:

- Sets out a vision of long term end state together with pathways to get there and milestones
- Is economy and society wide in scope
- Places eradicating poverty and inequality at the center
- Is Just and equitable
- Is transformative and urgent in nature and scale
- Is transparent and inclusive
- Identifies and deals with trade-offs – especially in key sectors
- Builds social cohesion (solidarity)
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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
- 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
- Transparency & Accountability

HOW DO WE GET THERE?
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Tackle unresolved issues:

- 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?
HOW DO WE GET THERE?

NPC PROCESS ON PATHWAYS FOR A JUST TRANSITION

• Chapter 5 in the NDP was a high level first round of recommendations – peg in the ground
• Phase 2 of the work has now commenced. This will be a year long Initiative bringing together social partner stakeholders and experts in a series of dialogues culminating in a Summit in April 2019
• Aim is to develop consensus on a Vision for 2050 and plot the different pathways to transition to a low carbon society that also addresses the triple challenge of reducing poverty & inequality and creating jobs
• Potential to use this consensus as the basis for a Social Compact in the country
Thank you

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