



National Development Plan: Pathways for a Just Transition

Northern Cape Stakeholder Dialogue Meeting

6 December 2018

51 Drakensberg Avenue, Frances Baard District Municipality, Kimberley

REPORT

Purpose of this report

This report provides a summary of the inputs and discussions that took place at the Northern Cape Provincial workshop on the 6 December 2018. This workshop was part of a series of provincial workshops that the National Planning Commission is undertaking in engaging with key stakeholders across the country. The aim of these dialogues is to build a consensus on a vision and pathways for an equitable and sustainable South Africa in 2050.

Welcome

Belynda Petrie (CEO of OneWorld Sustainable Investments), one of the service providers appointed by the National Planning Commission (NPC), welcomed participants and facilitated introductions, followed by an open discussion from participants regarding the expectations of the day.

It was acknowledged that there was a good cross-section of relevant stakeholders in the room: representatives from mining, business, Independent Power Producers (IPPs), civil society and government.

Opening

Commissioner Tasneem Essop welcomed participants and delivered a presentation that contextualised the National Development Plan (NDP), highlighting the processes that were undertaken to develop Chapter 5 of the NDP (ensuring environmental sustainability and an equitable transition to a low-carbon economy), the chapter's content and the importance of a Just Transition in reducing poverty and inequality, including issues that were left unresolved. The development of chapter 5 was the first phase towards implementation. She concluded by explaining the process of the *Pathways for a Just Transition* project, noting changes that were made following input and suggestions from a high-level social partner dialogue.

Overview of the *Pathways for a Just Transition* process

National Development Plan Chapter 5: the framework

Chapter 5 of the NDP seeks to provide high-level guidance to ensure that by 2030 South Africa is an environmentally sustainable society, with an expanded low-carbon economy and reduced emissions, while at the same time reducing poverty, inequality and unemployment. The benefits of building



resilience are evident in the strides towards a flourishing and prosperous nation by 2030. Chapter 5 provides a set of guiding principles, which demand that the transition be just, ethical, sustainable and transformative, while taking a strategic, regional and ecosystems approach during a managed transition.

One of these principles deals with the need to move towards full cost accounting. An example of full cost accounting is to internalise the health costs of coal-fired power stations. At the moment these health costs are borne by the state and society; not by the entities causing the damage. This full cost accounting method was however never implemented. The Commissioner asked that the audience consider if this and the other guiding principles are still valid. Chapter 5 of the plan includes an end-state by 2030, in terms of climate change and sustainability. However, for the purposes of this *Just Transition* project, a 2050 time-frame is used, to align with key climate milestones. Assessment needs to be made on whether the end-state captured in Chapter 5 is still relevant today.

Pathways for a Just Transition: the project and process

Following the development of Chapter 5, the NPC is now undertaking the next phase (phase 2) which aims to ensure implementation of the chapter. Initially, this year-long initiative sought to bring together a group of social partners and experts to engage in a series of high-level dialogues in order to determine the best 'Pathway for a Just Transition' by dealing with some of the outstanding contested issues identified by stakeholders, such as where trade-off lie and who the losers might be. The intention was that this process would run in parallel to a series of engagements with stakeholders from a wider range of sectors, namely civil society, labour, business and government. The aim of both the focused and wider engagements is to build a collective vision of an end state by 2050 and to provide guidance for the development of pathways that will ensure that the transition to this end state is a fair and equitable one.

However, at the first social partner dialogue, the social partners called for a bottom-up approach, engaging with communities in a much stronger way, rather than focusing on high-level dialogues. Therefore, the form of these engagements has shifted to open-invitation stakeholder workshops in every province with labour, civil society, communities, government and business. Constituencies can also request engagements with the NPC on the *Just Transition*. The focus of these engagements is on three primary sectors: energy, land-use and water. Thus far, two workshops have been held, one in the Western Cape and one in Gauteng. This is the third provincial workshop. The remainder of the provinces will be engaged with in 2019. The intention is for these engagements to build on each other in an iterative manner; finally culminating in a Concluding Conference, which will lay the foundation for a high-level Summit later in 2019, which may lay the basis for a social compact. The team is building a database of workshop attendees who will be kept abreast of the outcomes of all the workshops and the process.



Figure 1: 'Pathways for a Just Transition' process flow chart

The National Planning Commission (NPC) serves as an independent advisory body, providing recommendations to Cabinet, who will make decisions on what action to take. The point of a social compact is to put a certain degree of control within the hands of the people to promote a transition that is just. In addition to presenting results to government, the development of a social compact could be driven through NEDLAC.

The NPC is currently in the process of reviewing the NDP, given that the energy space in the country has changed substantially since it was first drafted. Renewable energy (wind and particularly solar) is now significantly cheaper than coal. The other big change is that we only have 12 years to respond to curbing greenhouse gas emissions before catastrophic changes occur. Our energy has to change and therefore the structure of the economy will have to change with it. The dialogue process will feed into the NDP review.

What is 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 and protecting biodiversity, among other challenges.

It has been broadened beyond a focus on protecting the rights of the working class only but also encompasses wider society, especially the most vulnerable.

The Commissioner referred to the latest IPCC¹ Special Report on Global Warming of 1.5°C, which indicates that there are only about 12 years left (2030) to limit temperatures below 1.5°C. This implies far-reaching changes to our economies and societies. Climate change is happening at an

¹ Intergovernmental Panel on Climate Change

unprecedented rate. This provides impetus for these discussions, as we need to reduce carbon emissions urgently through a swift transition.

Responding to climate change is an opportunity to address inequality; climate change will impact the vulnerable poor disproportionately. Therefore it is critical that, as a country, resilience is built by addressing poverty and inequality. Furthermore, the Commissioner noted that those who are least responsible for environmental disasters and unsustainable practices bear a disproportionate burden of climate impacts and environmental degradation.

The key challenges and opportunities of a Just Transition for Northern Cape (breakaway groups)

The participants were divided into three groups, each assigned a facilitator and scribe. The groups were instructed to address the following:

1. Identify and list the **key challenges** in terms of **land-use/water/energy** for a Just Transition for the Northern Cape.
2. Identify and list the **key opportunities** in terms of **land-use/water/energy** for a Just Transition for the Northern Cape.

Group 1



Challenges

- Political will is critical to a Just Transition. At the moment, there are conflicting attitudes on the subject, as politicians tend to chase short-term goals – the environment is not a priority for them. The political situation in the country is also marred by deep-rooted corruption and thus is a huge impediment to the implementation of any plans developed.
- Poverty leads to environmental destruction in its own way, as the poor either do not have access to electricity or cannot afford it, resulting in the illegal collection of firewood. Therefore the root cause of poverty needs to be addressed.

- The Northern Cape is the largest province in the country, but has little financial support, because it is also the least populous and the equitable share grant is awarded per person. The economics are skewed towards big cities, and therefore service delivery in small towns is more challenging. The cost of the Just Transition will likely require additional funding and municipalities feel that they are currently incapable of funding any further plans. A one-size-fits-all should not apply.
- The province has severe water challenges and climate change is expected to amplify water shortages. The available water comes mainly from other provinces (Orange River, etc.). However, by the time it reaches the Northern Cape, the water is polluted and unsuitable for agriculture.
- There is a disconnect between civil society and government. Civil society is largely kept out of the decision-making process.
- Government works very closely with big business, and yet they are responsible for the environmental challenges.
- Globalisation allows for industries to shift to other countries if costs increase and regulations become stricter. The government policy on imports and localisation is not conducive to business competitiveness. Although localisation is meant to benefit and stimulate local businesses and small, medium and micro enterprises, in reality, contracts go out to large businesses and there is very little trickling down of that economic wealth.

Group 2

Challenges

- There exists a skills shortage in the renewable energy sector, resulting in the use of technicians from Europe to install solar PV. Local technicians need to be upskilled in order to grow the local economy and provide jobs.
- Large businesses are capable of transitioning to sustainable solutions, even if they are slightly more expensive, but there exists concern around small business survival, and whether they will be able to afford the potentially more expensive, greener solutions.
- There is a lack of knowledge around the impact of fossil fuel on citizens. Information and communication does not flow, and thus citizens are not motivated or sufficiently informed to make behaviour changes.
- There are large communities of poor people. Their primary goal is to exit poverty, whether in a sustainable manner or not. Thus poverty encourages a short-term view. Alleviating poverty would be a first step to a Just Transition.
- Concern around the affordability of the Just Transition was raised, and how it would be funded: public vs. private funding.
- Municipalities' role was questioned. If not an on-seller of electricity, what is the role of municipalities?
- The wealthy can afford a transition, but the poor cannot.

Key Opportunities:

- Solar in the Northern Cape is a huge opportunity for the local economy.
- With the new technologies, there is an increased demand for research and development.
- Locals can be trained and become specialists in the renewable energy field.

Group 3



Challenges

- Inadequate communication between government and the people on policy and regulations.
- Misalignment on the implementation of policy among the three spheres of government.
- Lack of budget for climate change in government operations.
- Decision-makers do not necessarily understand climate change, and it is thus not important to them – there is a need for greater awareness.
- Inadequate research and thus a lack of understanding of what is happening locally; perhaps due to lack of communication of research.
- The average South African is not concerned about climate change, as they feel there are much more pressing socio-economic challenges such as poverty and inequality.

Opportunities

- The draft Climate Change Bill is an opportunity for development.
- The utilisation of global fund grants can create greater financial flows for climate responses.
- Renewable energy is an important opportunity for the province, but needs to be optimised.
- Making the link between enhanced ecosystems and reduced poverty and equality will increase economic outputs and improve social development.

Developing a Vision 2050: the possible pathways to reach the end state

Belynda Petrie provide a brief introduction on the climate science, summarising the recent IPCC report (September 2018) and the related urgency for the Just Transition process. Common themes emerged from the previous workshops. These include the need for the Just Transition to reduce poverty and equality, and increase employment, through considering short-term rewards vs. long-term targets in terms of economic and human development. It is clear that trade-offs are required. For example, in South Africa, and the Northern Cape especially, the economy is dominated by mining and energy. However, the mining sector has been in decline since the 1980s. While the sector has provided many with jobs, the closure and or slower production of these mines across the province has left towns with high unemployment rates. Furthermore, the Northern Cape has a significant transport hub that primarily supports the mining sector, providing linkages to national and international export markets. The declining mining outputs are having a knock-on effect on the transport sector. Recent developments in renewable energy have however started to reinvigorate the economy, and the province is becoming a very good example of a low carbon economy.

Similar changes are evident across the country. Anglo Coal decided to disinvest from coal in South Africa in response to global energy transition pressures, already manifesting in declining demand for coal exports. Exports to China and India have declined in recent years, with both countries increasing their investments in renewable energy. In 2018, India's energy output from renewable energy exceeded that from coal-based energy for the first time. Shifts like these are driven by economic considerations and not only environmental consciousness. However, that being said, the general population is displaying signs of placing a greater value on the natural environment, as they recognise their dependence on it.

The common vision for South Africa by 2050 that has emerged thus far through the NPC Just Transition dialogue process includes:

- South Africa's residents are adequately skilled to responsibly own and manage the country's land, water and energy systems.
- The value that society places on inclusive, integrated, climate-smart systems trumps intense consumerism.
- Communities are shock-resilient. Compact urban and spatial planning enables deep inclusion and drives a carbon-neutral economy. Decentralised resource and energy management are the central enablers.
- Visible value is placed on inclusive, climate integrated systems; moving beyond a preservation paradigm to that of highly-valued ecosystem services that tangibly improve livelihoods and the economy.
- Employment is inclusive and equal, jobs are decent, women and the youth participate, and the small, medium and micro enterprises sector is vibrant and relevant.
- Large-scale inequality has been radically reshaped. The disparities in access to health and education are small.
- Poverty levels are the lowest in recorded history – reflecting an inclusive, equal society.

This is achieved through good governance, coordination and alignment, and premised on youth empowerment, public empowerment, skills development, transparency, open source climate data, holistic land-use management, equitable land ownership, access to decent housing in urban areas, inclusive and decentralised energy systems, and responsible water consumption.

There is also growing agreement that energy democracy will pave the way for people-centered land and water systems.

Comments from the participants



Food security is missing from the conversation. The food system is one of the underpinning factors of climate change, water, energy and land-use. The food system and agriculture needs to be transformed to become more sustainable; including sustainable and responsible food demand / consumption. Additionally, food needs to be of high nutritional value for human development, most especially for children. Therefore livestock is important, but this needs to be produced and consumed in a responsible manner. At the moment, the agricultural system produces nutrient-poor foods, and the majority of this food is not for human consumption, but for animal consumption. Food waste, its transportation and plastic packaging are also major problems. The Agricultural Research Centre in the Northern Cape has a Centre of Excellence for beef agriculture and climate-smart production and research shows that there exist many opportunities to restore grasslands using sustainable pasture management, especially in communal areas.

Risks arising from the transition have not been considered fully in the conversation thus far. For example, the presentation does not consider job losses in the coal sector and across the entire energy value chain, or the fact that too few companies are controlling the investment in IPPs, thus increasing the risk of collusion.

Solar farm developments have environmental impacts. Although solar farms are developed on land that is degraded or unproductive, toxic chemicals are used to kill plants that naturally grow on that land, so as not to cast a shadow on the PV panels. There is also no recycling of PV panels in the country. What will happen to all these solar panels in 20 years when they are decommissioned?

The Northern Cape is one of the biodiversity hotspots in South Africa. The province attracts many tourists and thus eco-tourism is an important form of revenue for the province. The natural beauty and game farms are good examples of low-carbon economic development, and therefore a lot more emphasis must be put on the conservation sector. The same applies to other provinces.

While mining is the backbone of the country's and the province's economy, it is seen as a culprit. In fact, the mining sector is the most regulated sector in the country. Due to this over-regulation, the mining sector is in decline and will leave many people without jobs, especially in the Northern Cape.

The implementation of the community beneficiation of IPPs is challenging. The private sector does not adequately engage with the communities to determine their needs. The money often does not go to the people who need it, leaving the system open to corruption.

The Commissioner closed this session, highlighting that the transition will be complex and that there will be trade-offs. There is a need to weigh the long-term costs and benefits as a society, and determine the way forward with mitigation steps to minimise the losses. South Africa is not alone in this pathway and can learn from other countries. Stakeholders need to work together in a constructive way.

Breakaway groups: developing a Vision 2050, with reference to land-use, water and energy

The group was divided into three groups: land-use, water and energy; each assigned a facilitator and scribe. The groups were asked to address the following questions:

1. How do you envision 2050? What are the primary opportunities for land, water and energy in an inclusive, sustainable and equitable low-carbon and climate-resilient economy in South Africa?
2. What actions are needed for a just and sustainable transition?
3. Who are the key actors in making these actions happen?

Group: Land-use



2050 Vision

- All citizens are responsible and practice responsible consumption.
- Farmers shift to low-carbon and water-wise production.
- Eco-tourism businesses and agri-tourism flourish.
- Communities are well-informed on the environmental impacts of everyday activities.
- Cities are sustainable, self-reliant and densified.
- Land-use management practices are well-researched.
 - Farmers manage appropriate crops/livestock for that area, i.e. does not place a heavy burden on the environment.
 - Farms are well-managed and overgrazing is a thing of the past.
- Population is at a sustainable level.
- The Gini coefficient is such that there is no wealth distribution gap.
- Alien plant species that put pressure on the environment are eradicated.
- Society is food secure, but still embraces and supports small-scale farmers.

Actions	Actors
Continuous investment in research and development towards a Just Transition	Agricultural Research Centre, universities, government, other research institutions
Invest in land rehabilitation programmes	All private and government land owners
Include climate awareness in school curriculums	Schools, government, civil society
Build capacity around new skills required for a Just Transition (on renewable energy, energy efficiency, water, etc.)	Media, communities, government investment
Support climate-smart agriculture	Government, farmers, farmers associations, research institutions
Intensify compliance, enforcement and accountability on unsustainable practices	
Incentivise good land-use practices	
Increase household and urban farming	All
Strive towards a corruption-free South Africa	All
Appoint knowledgeable politicians	
Protect green corridors in cities	Municipal by-laws

Group: Water



2050 Vision

- Humans consume water responsibly and conservation becomes a way of life.
- Adequate and quality water for all.
- Decentralised water ownership.
- Increased investment in the storage of water.
- Only grey water is flushed down toilets.
- Drought-resilient people and systems.
- All water sources are protected, and ecosystems are vibrant.
- Circular economy approach to managing water.
- Preventative disaster management, e.g. storm water drains maintained against storm water surges.
- Decontamination of water, especially in the mining sector, who are currently not managing acid mine drainage.
- Dry sanitation in all households.

Actions	Actors
Rainwater harvesting	Communities and households
Desalination backup in place	Government and private sector
Improved and enforced water legislation at local government level	South African Local Government Association, non-government organisations
Removal of alien plants	Working for Water, private sector and farmers
Water trading	Department of Water and Sanitation, farmers
Plant indigenous trees in urban areas	Department of Environmental Affairs (DEA), local government, citizens
Reclaiming and decontaminating water	
Waste water management	DEA, local government, citizens

Group: Energy

**2050 Vision**

- Energy is decentralised, community-owned, and composed of an array of clean renewable energy technologies (solar, wind, hydro and waste biogas). Gas is used as a transitional fuel away from coal.
- Energy is affordable.
- Renewable energy technologies are locally manufactured.
- All buildings and technologies are energy efficient.
- All vehicles are electric and fuelled by clean energy.
- There is an opportunity for South Africa to be a pioneer in renewable energy, given the vast untapped natural resources.

Actions to enable this vision

- The energy sector needs unbundling. Eskom should manage transmission only and the country should make space for private energy generation and wheeling.
- Communities need support to enable community-owned power generation. Skills need to be built and funding/access to finance is required.
- Skills development or re-skilling is required during the transition. This needs to take place along the entire value chain of the current energy sector. All sectors need to plan for job losses and plan how they can absorb those jobs in addition to creating jobs. This is critical and urgent – at the moment the country does not have a plan.
- Education on sustainability and the environment should start at school level, and an environmental consciousness needs to be fostered.
- Although renewable energy is now cheaper than coal, coal is still subsidised, which further places a drain on the economy.
- There needs to be extensive studies on the full life cycle costs of new and emergent technologies, which take into account the amount of water and land needed, for example.

Key Actors

- Service delivery is the responsibility of municipalities, and therefore municipalities have an important role to play as an enabler in the transition.
- Municipalities should be able to generate their own clean energy.
- The President is an important actor in providing leadership, however, there should be a strong bottom-up movement as well.
- Communities need to be empowered and mobilise themselves in order to manage renewable energy ownership.
- Business needs to consider environmental and social outcomes of their business operations and change the way they do business.
- Labour unions need to work with all stakeholders to ensure that the clean energy vision materialises.
- Education sector – environmental consciousness should be fostered in schools (and homes). The youth need to be trained with skills that are relevant to the future and should be empowered to problem-solve and adapt in a fast-changing world.
- Given that we live in a globalised world, international companies and trade organisations need to shift their business ethos in considering the environment and society.

Plenary wrap-up

Belynda Petrie summarised the day, noting the common threads that emerged as being predominantly governance, accountability and transparency across all sectors. The world is facing the fourth industrial revolution, and there are many other disruptive innovations evolving alongside renewable energy. Therefore the vision for 2050 should not be constrained by current realities. What does the future of the energy mix look like? Will nuclear or clean coal with carbon capture and storage be a part of it? All decisions taken need to be backed by facts. Decisions need to consider if the long-term benefits are going to outweigh the immediately apparent risks and disadvantages. The discussion was rich and adds greatly to the dialogue conversation that is being built across the country and among the social partners of civil society, government, industry and labour.

Closing remarks

Commissioner Essop closed by thanking everybody for their participation, noting that the collective knowledge in the room was vast and deeply appreciated.

The transition is going to be complex, particularly in terms of job losses. Therefore labour is a critical sector to have on board. Thus far, they have not participated in a meaningful way. The team will endeavor to engage with them going forward and are also open to being invited to discussions on a Just Transition that stakeholders are able to convene. In the spirit of transparency, workshop delegates will be kept abreast of the process and sent copies of the workshop reports that take place in all provinces. Dates for the concluding conference and the summit will be forwarded when available.

End.

PROJECT BACKGROUND

Pathways for a Just Transition

The National Development Plan (NDP) envisages that, by 2030, South Africa will have made headway in transitioning to a society that is just, inclusive, sustainable and resilient. Chapter 5 of the NDP sets out a framework and guiding principles to ensure that by 2030 South Africa's transition to a low-carbon, climate-resilient and sustainable economy and society will be well under way.

Transitioning to a sustainable and resilient economy and society will require systemic and structural changes that should also see the use of South Africa's natural resources, including water and energy, resulting in appropriate economic and social development that addresses the country's triple challenges, namely inequality, poverty and unemployment.

The National Planning Commission's (NPC) work is now in its second phase, which intends to ensure the implementation of the NDP through engaging relevant stakeholders. In its plan for ensuring the implementation of Chapter 5 of the NDP, the NPC designed a process to facilitate a series of dialogues, culminating in a social compact – an agreement on the best pathway for a Just Transition to a sustainable society, as well as agreements on the modalities for implementation.

The dialogues include building consensus on a vision for an equitable and sustainable South Africa in 2050, as well as determining the best pathway for a Just Transition towards that vision. The discourse will also consider and address current crises impacting on the country's ability to ensure a Just Transition, such as energy sector job losses and the growing water crisis, amongst others.

The vision for 2050 will be built through an iterative process of engagements and presented at a final national summit in May 2019.

The current political discourse frames this process and the implementation of the NDP. President Ramaphosa, in the State of the Nation Address 2018, highlighted the need for South Africans to work together *"by getting social partners in our country to collaborate in building a social compact on which we will create drivers of economic recovery"*. He further stated that *"Our country has entered a period of change. While change can produce uncertainty, even anxiety, it also offers great opportunities for renewal and revitalisation, and for progress"*.