



**PRESIDENTIAL  
CLIMATE COMMISSION**  
TOWARDS A JUST TRANSITION

## **Request for Proposals:**

Employment strategy for the Just Transition

07 October 2022

## Context

**The Presidential Climate Commission (PCC) was established by President Cyril Ramaphosa** in December 2020 to support the delivery of a just transition in South Africa (SA). It emanates from the Presidential Summit held in October 2018, when social partners agreed that a statutory entity should be formed to coordinate and oversee the just transition towards a low-carbon, inclusive, climate-resilient economy and society. The proximity of the PCC to the President's Office, and the designation of the President as Chair of the PCC, reflect the centrality of the successful delivery of a just transition to SA's sustainable development pathway.

**The PCC will play a critical role in informing, enabling, and building consensus regarding an effective climate change response in SA:** one of the developing world's largest emitters. Per Section 12 of the Climate Change Bill of 2021, the functions of the PCC are to: -

- “(a) advise on South Africa's climate change response to ensure realisation of the vision for effective climate change response and the long-term just transition to a climate resilient and low carbon economy and society;*
- (b) advise government on the mitigation of climate change impacts, including through the reduction of emissions of greenhouse gases, and adapting to the effects of climate change; and*
- (c) provide monitoring and evaluation of progress towards government's emissions reduction and adaptation goals.”*

**SA is at a pivotal moment in its climate action trajectory.** At the COP26 in Glasgow, USD 8.5bn of climate finance was pledged to support the achievement of a just transition. One of the PCC's central tasks over the next two years will be informing the policy priorities and capital allocation decisions guiding this transaction. Achieving emission reductions aligned with the Paris Agreement will guide the PCC's climate mitigation agenda, with crucial, granular net zero carbon modelling and costing work to distil sectoral and industrial implications of high-level policy commitments. In parallel, the PCC will investigate the social risks associated with transition, arising from stranded or shrinking assets in areas where little other economic opportunity exists. Working actively with all spheres of government, it will develop measures to reduce vulnerability in affected communities.

**This request for proposal relates to the development of an employment strategy enabling a just transition,** which can be used to inform policy development and action. Hundreds of thousands of jobs are at risk in South Africa's fossil fuel value chains, including coal, petrochemicals, and downstream industries like automotive manufacturing. Whilst green growth is expected to be a net job creator in SA, the gains could be uneven, and the losses fall disproportionately on low-income workers with few alternatives. The employment strategy will seek to mitigate the social risks associated with transition by identifying alternative livelihood opportunities and working with municipalities to develop these at scale.

**The fossil fuels industry is a large employer in South Africa, particularly in respect of low-skilled jobs providing income to vulnerable communities.** The coalfields province of Mpumalanga is home to around 80,000 direct coal jobs, in respect of coal mining and power plants. A third of provincial jobs and two thirds of GDP are directly linked to the coal sector, with the balance dependent upon it through both upstream and downstream linkages<sup>1</sup>. An unmanaged transition out of coal in these areas will be devastating to local livelihoods. But these disruptions are not limited to coal, nor to

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<sup>1</sup> TIPS, 2021. <https://www.dailymaverick.co.za/article/2021-05-10-get-the-shovels-out-death-of-the-coal-industry-must-bring-new-beginnings-in-mpumalanga/>

Mpumalanga. Petrochemicals will likely shut down first, around 2030<sup>2</sup>. With the last Internal Combustion Engine Vehicle to be made globally before 2035, the motor vehicle manufacturing sector will also be significantly impacted. Manufacturing activity for both sectors is concentrated in the Eastern Cape and Mpumalanga.

**At-risk jobs are spatially concentrated in provinces with already low labour-absorptive capacity, with industry shifts potentially causing the economic collapse of large communities.** The Eastern Cape has the highest unemployment rate in the country (45%), followed by Mpumalanga (40%). Unemployment is a structural problem in South Africa, resulting from deficiencies in school quality and skills development, the latter associated with late entry to the workforce. Youth unemployment in the school leaver category (ages 15-24) is a frightening 64%<sup>3</sup>.

**Research suggests that, in aggregate, more jobs will be created from the construction and maintenance of renewable energy than will be lost in coal.** However, in Mpumalanga specifically more jobs will be lost than created, unless specific effort is made to have high penetration of renewable energy generation and local manufacturing<sup>4</sup>. Outside of coal the impacts are equally significant. There are far fewer parts in an Electric Vehicle (EV) as compared to the ICE and this means fewer jobs in manufacturing, both directly and of the parts themselves. Further, EVs require less frequent maintenance with knock-on impacts for both the formal and informal sectors who keep these vehicles running. Finally, about as many people are employed on petrol forecourts as in coal mining (with some estimates as high as 150 000 people)<sup>5</sup>. Given refuelling patterns will change with EVs, these jobs are also at risk. Driven by the necessary response to climate change and by the resultant changes in global demand for goods, these transitions are inevitable.

**An employment strategy for South Africa that manages the impacts of climate change is sorely needed.** It is important that we implement as we go and build momentum by creating jobs and demand-based skills curricula early on. Centrally, this will need to consider the uneven distribution of gains and losses of transition, and impact on workers, by: -

- Considering top-down planning and the impacts of global demand trends for the commodities that underpin employment in South Africa;
- Focusing on empowering communities to influence their own futures (bottom-up);
- Enabling short term gains while working on solving structural long-term challenges associated with economic transition. This means creating jobs in targeted sectors while we lay the basis for longer term systems improvement that will sustain these jobs and future job creation;
- Prioritising jobs based on their ability to support a social contract to drive employment that does not harm the environment but that also structurally remediates inequality, unemployment and poverty;
- Prioritising building the capacity of stakeholders, in particular local government and change makers inside and outside of government.

**To frame this strategy, the PCC acknowledges that jobs are not enough.** Any employment strategy must be complimented by the long-term consideration of (re)skilling and (re)training and social protection measures. Labour market policy must acknowledge and protect the hard-fought gains made through past collective bargaining. Skills development, although much needed, cannot stand alone as a solution. We also need investment and operational incentives, project aggregation,

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<sup>2</sup> NBI, 2021. <https://www.nbi.org.za/climate-pathways-and-a-just-transition-for-south-africa/>

<sup>3</sup> StatsSA Quarterly Labour Force Survey (QLFS), 4th Quarter 2021.

<sup>4</sup> CSIR, 2021. <https://www.cobenefits.info/country-studies-infographics/studies/south-africa/>

<sup>5</sup> TIPS, 2022. Public presentation on liquid fuels value chains.

guaranteed offtake agreements (amongst others). Demand-side mechanisms are as important to orchestrate and enable, alongside skilling and supply-side interventions in the labour market.

**The PCC has embarked on a multi-year programme to develop a clear employment strategy.** It intends to build an employment strategy responding to both immediate and longer-term needs:

- **Track 1: The short-term strategy prioritises a set of interventions in specific localities and focussed on specific sectors that allow us to create early wins.** The lessons we learn will then feed into the long-term strategy.
- **Track 2: The long-term strategy focuses on building the capacity of planners, who have responsibility for climate (including transport, rural development, economic development)** – explicitly or implicitly, to consider both bottom-up and top-down sources of information to conduct long-term employment planning. This emerging employment strategy will then address priority industries, the stimulus they need, and the resulting skills, social protection and labour market support they require.

Tracks 1 and 2 are complementary and iterative. Track 1 provides the opportunity both for implementation and testing methodology and ideas generated in track 2. Track 2 therefore has the opportunity to learn from real world experience. This will be critical in distinguishing between longer-term structural barriers inhibiting job creation and economic diversification, and shorter term methodological and competency-based barriers.

**This RFP is for the scope of work listed in Track 1.**

## **Employment Strategy Framework and Implementation Plan to Enable a Just Transition (Track 1)**

### **Scope of work**

**The main objective of this work is to develop a demand-led employment strategy and implementation plan for Mpumalanga and the Eastern Cape**

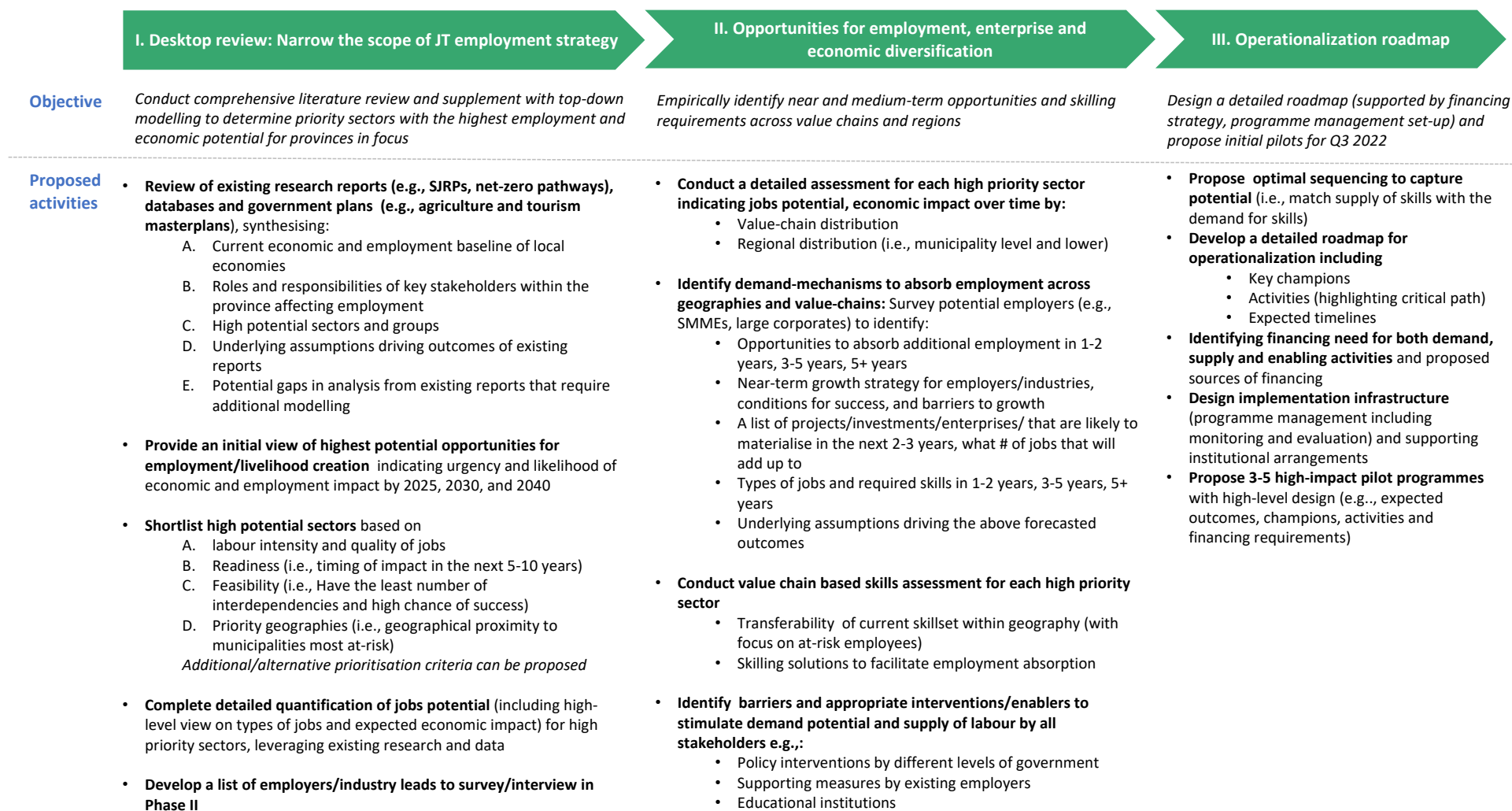
**The scope of work for track 1 has three components:**

- I. To collate existing work and identify priorities for stimulating employment, focusing primarily on Mpumalanga and the Eastern Cape, through desk research and top-down modelling.
- II. To empirically identify opportunities for employment, enterprise, and economic diversification through surveying employers/industries
- III. To develop an operationalization roadmap and initial design of high-impact pilots. This should provide a clear focus for early stage partnerships and PCC support leading to job creation opportunities in the next 3 – 5 years.

A detailed description is provided in Figure 1. The consultants should use this description as a guide and offer additional suggestions / improvements to the approach as needed. The consultants should also indicate indicative sources of data that they might use as well as provide an indication of what the output would look like.

Please note that the RFP would like to place greater emphasis on Mpumalanga, given the extensive work done on and activity in the region. As such the consultants should begin with Mpumalanga and then turn to the Eastern Cape, learning from the process in Mpumalanga.

Figure 1: Track 1: Detailed scope of work



**There is a critical role for the PCC to coordinate much of the work being done by others. The team we will appoint will assist in collating much of this work, fill gaps and expand on what is known and should be considered a key partner in this programme.** The team will therefore draw on and integrate the work undertaken by others, for example (not-exhaustive): GreenCape, TIPS and the GIZ (with partners like the NBI and WWF) Euro 15 million project looking at employment creation in Mpumalanga; The private sector and the CSIR's Impact Catalyst; Presidential initiatives including the Presidential Youth Employment Intervention; Operation Vulindlela; World Bank's assessment for Komati and investigation of alternative livelihood opportunities; NDC and Genesis engagement to understand the socio-economic impacts and alternatives to coal for 7 of the coal-fired power stations in Mpumalanga; Department of Higher Education and Training (DHET) demand skills mapping; District development programmes; Sector level initiatives aligned with masterplans (for example automotive and steel sectors); Presidential Youth Employment intervention, Presidential Employment Stimulus, The JETP investment plan, and Eskom's Just Energy Transition planning work.

**It is critical that the strategy has a sequenced implementation plan (based on empirical rather than theoretical opportunities)** that the PCC can rally stakeholders around. This includes demand-side interventions needed to unlock enterprise and employment opportunities, the skilling solutions needed, and the correct sequencing of interventions to match demand and supply of skills. For example, the consultants would need to go beyond summarising the existing reports to surveying/ interviewing employers/industries to understand and identify their plans, barriers to growth, and skills needed, in the short (1-2 years), medium term (3-5 years) and long term. The operationalisation plan will therefore identify what incentives need to be in place for public and private employment to materialise and provide clear recommendations on how the PCC and other government departments can partner to enable economic opportunities to emerge.

**Finally, this work should be aligned within the PCC's Just Transition Framework** (<https://www.climatecommission.org.za/just-transition-framework>).

## Engagement process

**The PCC intends, through this proposed project, to provide a degree of coordination and coherence across these varied projects.** As part of this process, the PCC will appoint a steering committee of experts and institutions working on this topic. The appointed consultant will need to engage with this steering committee on a regular basis, to ensure that no duplication is taking place and that recommendations being developed have buy-in. In addition, the appointed consultant will be required to have frequent touch points with the core PCC team to update them on key findings and jointly shape the direction of the work.

## Deliverables

### Process

- Kick-off meeting with PCC at project outset to present and review proposed methodology and approach with key programs staff
- Bi-weekly check-in with key members of PCC on progress, or more often as necessary.
- Monthly check in with PCC-appointed steering group on progress, and emerging recommendations and actions
- Workshop with PCC and steering group to gather input on draft strategy and implementation plan

### Reports

- **Inception report** with a stakeholder map, literature review and gaps identified within 1 month, including:
  - Synthesis of existing literature, reports, and plans including key outcomes as well as potential gaps in analysis
  - A mapping of existing public, non-profit and private programmes
  - First view of sectors at-risk and opportunities by sector
  - Proposed modelling approach for top-down modelling
- Presentation of initial results after a discovery phase including:
  - Final outputs for the "Narrow the scope of JT employment strategy" phase
  - A list of employers/industries to interview
  - A list of the barriers to investments in these areas
- **Draft strategy and draft implementation plan** including
  - Final results on "II. Opportunities for employment, enterprise and economic diversification" phase
  - First draft of operationalization roadmap, segmented into activities that can take place in year 1-2; 3-5; and 5-10
- **Final strategy and implementation plan** including results of all activities indicated on figure 1, which should include outputs indicated on figure 1 as well as:
  - An analysis of existing planning process outputs, for example how local government planning is conducted and if they are currently running such a process, and the degree to which it includes community/worker engagement.
  - A prioritised list of potential job creating investments
  - A timed and sequenced plan for what is needed to stimulate investment and job creation in these initiatives (finance, enabling environment, stakeholder support)

## Timelines

We will look to kick this project off in Q4 2022. An interim report should be delivered in Q1 2023, and the final report should ideally be delivered in Q2 2023, but the PCC is open to alternative timelines for this work.

## Budget

Proposals are requested not exceeding a budget of ZAR 2,000,000. The PCC requests that the Mpumalanga and Eastern Cape are costed separately and presented as distinct modules. It would be reasonable to offer what additional work beyond that budget might look like, both to be clear on what is, and is not, in scope in the proposal, and to allow for further consideration by the PCC.

Please note however that cost will be weighted in our evaluation of proposals (see below), so methodologies and approaches that can leverage and build on existing work and public data are recommended, where possible, and an efficient use of resources is expected.

## Application instructions

### Application deadline: October 23, 2022

All proposals should be either in Word or PDF format and should be e-mailed to Steve Nicholls ([steve@climatecommission.org.za](mailto:steve@climatecommission.org.za)), copying Simphiwe Ngwenya ([simphiwe@climatecommission.org.za](mailto:simphiwe@climatecommission.org.za)).

Proposals should include:

- 1) **Technical capabilities** - A clear description of the consultants' expertise. The team should include a multi-disciplinary group of experts with relevant, demonstrable in developing employment strategies, economic diversification, South African labour pools and understanding of the just transition / Net Zero pathways.
- 2) **Methodology and Approach** - How the activities and deliverables will be undertaken and how the final report will be structured (i.e., the methodology and approach). The approach should include description of the methodology and systems in use for economic modelling
- 3) **Team** - The composition of the proposed staff team, the tasks which would be assigned to each, and team member CVs highlighting relevant experience
- 4) **Budget** - highlighting person time and associated cost per activity/deliverable.

Proposals should be no longer than 10 pages (excluding CVs). We encourage a brief 'Signal of Intent' before the deadline to express interest in delivering a proposal.

The PCC encourages the forming of consortia between the service providers and academic institutions in the field.

## Evaluation Criteria

Proposals will be scored according to the following criteria:

- Strategic understanding of the Just Transition Context and the PCC's role - 10%
- Team and firm/consortium expertise in the SA energy transition, local economic development, and labour modelling - 30%
- Stakeholder expertise and access in Mpumalanga and the Eastern Cape - 10%
- Methodology and Approach - 30%
- Cost - 20%

South African based companies with strong BBEEE credentials will be favoured.

## Proposed Payment Schedule

Disbursement of payment will follow the schedule below:

- 1st payment: 20% on the firm's signing of the contract and commencement of services
- 2nd payment: 50% on the firm's submission and the PCC's acceptance of draft report (end of Phase II)
- 3rd payment: 30% on the firm's submission and the PCC's acceptance of final report and implementation plan