Towards a Low Carbon, Resource Efficient and Pro-Employment Growth Path

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Overview

• Green Economy as a sustainable development path

• Characterized by a system of economic activities related to production, distribution and consumption of goods and services that result in prosperity and well-being of a nation whilst not exposing future generations to significant environmental risks or ecological scarcities
Green Economy as a Government Priority

• Political level guidance and commitment important
• The Ministers responsibility and accountability for Government performance on outcomes
  – Outcome 10: Environmental Assets and natural resources that are well protected and continually enhanced
  – Outcome 4: Decent employment and facilitation of inclusive economic growth
Green Economy as a Government Priority

• Medium Term Strategy Framework 2009 - 2014:
  – To ensure longer-term growth, government must refine and scale up implementation of Industrial Action Plan to support broad-based industrialization including more advanced manufacturing, as well as encouraging cleaner, lower-energy technologies and green jobs

• Framework to the international economic crisis, 2009:
  – To respond, government urges for the development of incentives for investment in programmes geared at creating large number of 'green jobs', i.e. employment in industries and facilities that are designed to mitigate impacts to the environment and natural systems and the protection thereof
Policy framework to achieve creation of decent work and inclusive growth

- Cabinet Statement on the new growth path, October 2010
- The new growth path seek to place the economy on a production-led trajectory with growth targeted in ten ‘jobs drivers’
  - Infrastructure
  - The agricultural value chain
  - The mining value chain
  - The green economy, with programmes in green energy, component manufacture and services
    - Manufacturing sectors in IPAP2 and
    - Tourism and certain high-level services

Programmes and implementation plans to Cabinet over the next six months, covering critical areas of the growth path
Programmes & Activities

• Key focus areas to respond to critical challenge:
  – Key focus areas:
    • Sustainable consumption and production
    • Green Buildings and the Built Environment:
      • Sustainable Transport and infrastructure
      • Clean energy and energy efficiency
      • Green Cities and Towns
      • Resource Conservation and management
      • Sustainable Waste Management Practices
      • Agriculture, Food Production
      • Water Management
Green Economy as a Government Priority

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<th>More labour absorbing growth</th>
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**Green Economy**

1. A supportive regulatory framework
2. Exploration of Market based instruments
3. Greater localisation of job-intensive green industries and those in which South Africa has a comparative advantage
4. Increase new knowledge and skills towards development, deployment and commercialisation of innovative, science and technology solutions
5. Maximise benefits from investment and finance opportunities arising from the shared efforts between the public and private sectors
6. Define the job creation and job sustainability potentials of a green economy growth path per sector
7. Direct the implementation of the Industrial Policy Action Plan towards supporting and growing green industries
8. Scale up and expand the implementation of environmental sector of the Expanded Public Works Programme

Green Economy Plan to ensure resource protection and reduced emissions while increasing industry’s contribution to economic growth and employment.
Green Economy Plan to increase industry’s contribution to economic growth and employment

Activities

- Development and implementation of New Growth Path
- Scale-up EPWP initiatives in the environmental sector
- Increase investment in strategic R&D that support green industry development (electric car, thin-film solar, advanced batteries, water technologies, etc.)
- Finalise strategy on the up scaling of local production of Solar Water Heaters
- Implement integrated waste management Strategy
- Enhance standards settings, testing and accreditation
- Develop a strategy for using government procurement to stimulate the EGS sector (government vehicles)
- Implement regulatory instruments to stimulate the EGS sector
- Review import duties structure to ensure highest level of local component manufacturing whilst maintaining competitive pricing
- Develop market instruments to incentivize the use and production of cleaner and low carbon products without having huge negative impact on production costs
- Implement Clean Technology Fund Investment Plan (CTF –IP)
- Accelerate implementation of Nationally Appropriate Mitigation Actions (NAMA’s)
Process towards a Green Economy Plan

• Following the hosting of green economy summit in May 2010, Draft plan presented to Ministerial cluster on 13 June 2010
  – plan to be supported by a portfolio of existing project initiatives that would need to be up-scaled (to avoid re-inventing the wheel)

• Invited Expressions of Interest, advertised with a closing date of 13 August 2010
Type of sectors that responded to the EOI

SECTOR 1: ENERGY EFFICIENCY SECTOR

- These are all the projects that involve the retrofitting of buildings, solar water heaters and heat pumps, industrial processes, emission reduction and steam augmentation.

SECTOR 2: RENEWABLE ENERGY SECTOR

- Renewable Energy sector includes all the projects that lead to renewable energy through the use of wind power, waste to energy (biogas), landfill gas, anaerobic digestion, concentrated solar thermal, hydro, biomass and wave energy.

SECTOR 3: WASTE MANAGEMENT SECTOR

- These are all the projects that involve recycling (paper, glass, metal, plastic, medical, electronic) and natural resource management (soil, water conservation)
Type of sectors that responded to the EOI (Cont ……)

SECTOR 4; SUSTAINABLE TRANSPORT
• Sustainable Transport includes electric vehicles, gas-powered buses, hydrogen fuel – cell bicycles.

SECTOR 5: BIOFUELS
• These are all the projects that involve manufacturing of alternative fuels using organic materials to generate biogas.

SECTOR 6: AGRICULTURE AND AGROPROCESSING
• These are projects that promote sustainable land use management.

SECTOR 7: BUILT ENVIRONMENT
• These sector involves all the projects that promote the Green Building design or Infrastructure.
Funding mechanisms and options for green projects

**Typical / potential funders**
- Commercial Banks
- Development Finance Institutions
- Carbon buyers
- Traders of carbon credits
- Government

**Funding instruments / Type**
- Equity
- Debt
- Carbon finance (carbon credits)
- REFIT (Renewable feed in tariff)
- Carbon tax
- Subsidies
- Regulatory barriers and support

**Challenges for green funding**
- Long tenure
- Low margins
- Limits on market (need Power Purchase Agreements)
- Low security

**Need to have innovative funding structures and sources of funding, especially DFI & government involvement**
CONCLUSION

• South Africa is keen to implement programmes on development of green growth strategy in response to climate change and other environmental challenges that may be key in pursuing a sustainable future

• Green economy cannot be managed and funded by Government alone. The private sector, civil society and non-governmental organisations play a fundamental role
THANK YOU FOR YOUR KIND ATTENTION

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