

# TRANSITIONING TO A LOW-CARBON ECONOMY

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PHASE I SCENARIO PLANNING

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MISTRA

# KEY QUESTION: HOW DO WE BUILD A JUST TRANSITION TOWARD A SOCIALLY INCLUSIVE ECONOMY BY 2063?

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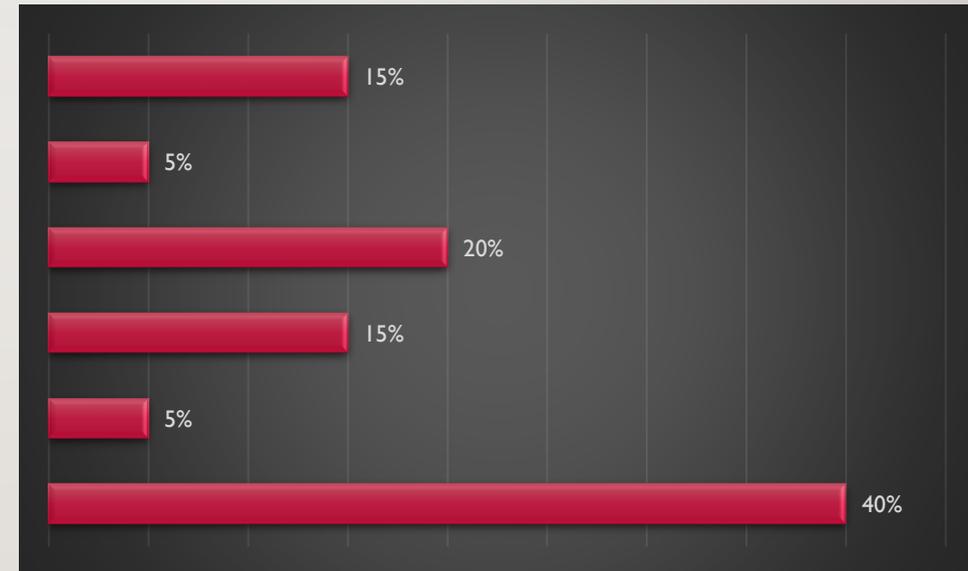
- Move away from Eurocentric perspective of transitioning to a low-carbon economy
- Integrating African context: socio-economic issues that exist
- How South Africa can have an all-encompassing approach to managing the transition to an economy characterised by low carbon emissions
- AU Agenda 2063:
  - “Builds on, and seeks to accelerate the implementation of past and existing continental initiatives for growth and sustainable development”

# KEY QUESTION: HOW DO WE BUILD A JUST TRANSITION TOWARD A SOCIALLY INCLUSIVE ECONOMY BY 2063?

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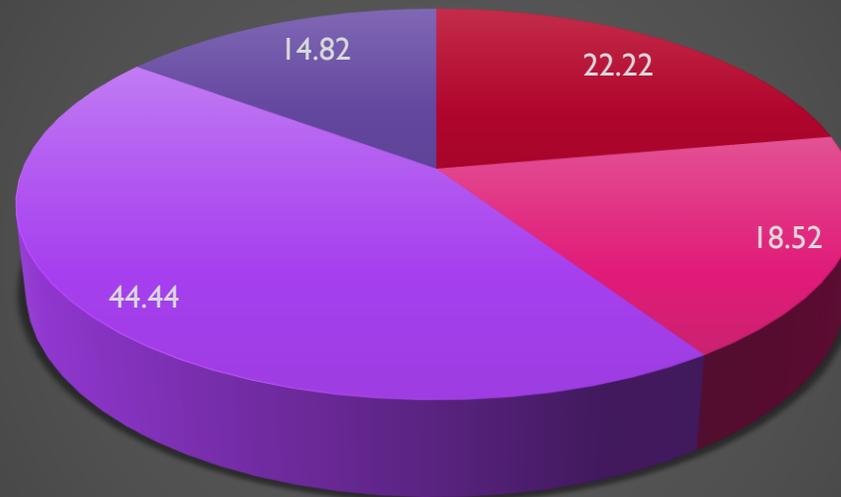
## Participants:

private sector  
international missions  
NGOs  
individuals from parastatals  
academics  
government officials



# KEY ISSUES IDENTIFIED

Key Issues Identified (Percentage)



■ South African policy sphere

■ South African economic issues

■ South African societal sphere

■ International arena

# South Africa policy sphere

Key Issues Identified

Variables

South African policy sphere

- Incoherence in national policy
- Inequality
- Water security
- Transport
- New economic paradigm
- Poverty eradication

# South African economic issues

## Key Issues Identified

## Variables

### South African economic issues

- Structure of the industry/sector does not encourage change (oligopolistic)
- Power generation
- Circular economy
- Job creation
- Skill development does not match economy

# South African societal sphere

## Key Issues Identified

## Variables

## South Africa societal sphere

- Understanding the issue of climate change (education and access to information)
- Nexus approach
- Social inclusion
- Ecological base as foundation of well-being
- Skills & Education
- Corruption
- Unemployment
- More democratic decision-making body
- Balanced exploitation of resources
- Women
- Define 'just transition'
- Leadership

# International arena

## Key Issues Identified

International arena

## Variables

- Follower country
- Does the global green agenda match the national context of employability and skill-level?
- Fossil fuel consumption a global issue
- Future of climate change negotiations?

# PARTICIPANTS' RESPONSES

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Interviews

# South African policy sphere

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## Incoherence in national policy:

- “We haven’t really *engaged with civil society* as much as we should have as government in terms of bringing them on board and understanding.”
- “You have a lot of *ad hoc decision-making* which is typically at odds with the longer term strategic thinking specifically around the energy, transport, waste management, infrastructure.”
- “We make commitments at the global level to *reduce carbon emissions* but then we continue to be one of the 10 countries in the world for *fossil fuels subsidisation*. Is that an honest and true shift towards renewable energy?”

# South African policy sphere

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## Inequality:

- “How do we make sure that *economic growth is low carbon*, more socially inclusive and more *resource efficient* and all of this hinges around the context in South Africa where there is increase in inequality and increase in gap between rural and urban environment?”
- “Focus on deliberate economic development and social inclusion or focus on populism and *extracting value out of our natural resources* for minorities of the population and increase in inequality”

# South African policy sphere

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## Water security:

- “Without water, there is no energy, without energy there is **no water** as well so there is a direct link. Without water, there is no agriculture...”
- “There will be a lot more **social unrest**, particularly around **access to resources** such as water, land, food, energy and if these things are not addressed there will be a fight between the **haves and the have nots**...”



# South African policy sphere

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## Transport:

- “Providing an *alternative to private vehicles* that serves the needs of everyone in the most appropriate ways”
- “Are we making sure that the *settlements are near the transport options...*(changing the way we plan our settlements)”



# South African policy sphere

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## New economic paradigm:

- “Concern around the business as usual type of economic model”
- “We need fundamental *economic restructuring*.”
- “We need some sort of economic rejuvenation, we need to build an *inclusive society* and that's going to be very difficult looking at the history of the country.”



# South African policy sphere

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## Poverty eradication:

- “Employment: not just providing jobs, strive towards *decent employment*. It helps address issues of poverty”
- “Society where we have *full employment*, will reduce issues of poverty and inequality, cap salaries, move away from paradigm of big is better.”



# South African economic issues

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## Structure of the industry/sector does not encourage change

(oligopolistic):

- “Oligopolies in almost all sectors.”
- “*Energy systems* that are built on fossil fuels are almost by definition *oligopoly type of structures* that lies in the nature of resource.”
- “*Opening up the economy*: break away from entrenched monopolies, bring more SMEs”
- “The elites, such as *fossil fuels industry*, continue to *resist change*. Our bad track record on stimulating SMMEs and making way for black industrialists persists”

# South African economic issues

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## Power generation:

- “The danger could be the we keep on *investing in new coal fired power stations* such as Medupi and other countries which have stopped investing in these will be way ahead of us in terms of carbon emissions.”
- “Massive refineries will become *stranded assets* just like the coal fired power stations.”
- “Energy transition: at the moment, we have targets for renewables energy because we are an *energy intensive economy* more so than other countries because we have *natural endowment of coal*. The conversations and commitments have not enabled steps that will transition the systems that must change.”



# South African economic issues

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## Circular economy:

- “Increasing *consumer behaviour*: everything is packaged, plastic packing is a problem; generation of waste; producers *not sensitive to circular economy*”
- “Grow the circular economy: at ground level; limit our waste (*better waste management*); break away from using things once and throwing them away; *resource efficiency*”
- “Values: there has to be a shift from consumerism society to one of basic needs. We have to consider the kind of future that we want. We have to *live within the means of the ecosystem.*”



# South African economic issues

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## Job creation:

- “There is a UNEP study that says that 2% of GDP must be *invested in the green economy*. A bigger conversation must be on *greening all jobs*. The trickle-down theory is fascinating. The idea that we can tinker with the green economy discourse on the margins and think that it will bring the required change towards a socially inclusive economy.”
- “The big issue with government’s *Green Accord* was job creation through the green economy but it has to *include job losses too*. It is not about an automatic switch to job creation.”



# South Africa societal sphere

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Understanding the issue of climate change (education and access to information):

- *“in the future, children will be able to educate the elderly. Through the power of ICT and education, **information** can be transmitted in an **accessible** manner.”*

Nexus approach

- *“Water Security: It is the hub of the nexus. There is water then there is energy then there is agriculture, even before that there is health then there is sanitation. I look at **water as the hub of the nexus.**”*

# South Africa societal sphere

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## Social inclusion:

- “Ultimately, we need *redistribution* of wealth which means *nationalisation* of the mines, banks and the industries. We need a social revolution!”
- “A lot of scholars are not enamoured by the green economy concept because they feel that it is merely *coined to green the capitalist system* instead of it being transformative and inclusive. There is a dearth of conversation on justice and social inclusivity.”

# South Africa societal sphere

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## Ecological base as a foundation of well-being:

- *“Eco-socialist: sharing of resources and addressing the current inequality. It will be a revolutionary transformative change”*
- *“Nature has a **right to life**”*
- *“Leaving some resources behind for **nature to sustain itself** instead of the rampant consumption which leads to the scarcity and eventually depletion of natural resources.”*



# South Africa societal sphere

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Corruption

Leadership

More democratic  
decision-making  
body

Unemployment

Skills and  
education

Understanding 'just  
transition'

Balanced  
exploitation of  
resources

Skill development  
does not match  
economy



# International arena

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## Follower country

- “South Africa may be a **follower country in the transition.**”
- “Let us look at the SDG’s and which are most applicable to a **developing economy** and our particular context, cause what we have to do and what the global north has to do is not the same.”

## Fossil fuel consumption a global issue

- “The inherent strength and inertia of the **existing incumbent industry** (power utility, refineries, coal miners, coal miners). This is not unique to South Africa, it is common globally”
- “This boils down to the **power of the powerful** (the fossil fuel industry) which is a global problem. It is because there are six **giant fossil fuel companies** that are responsible for 16% of all the carbon emissions.”

# DISCUSSION POINTS & GAPS IDENTIFIED

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Workshop with Core Participants

# DISCUSSION POINTS

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- **Horizon / Timeframe**

- Dismay about the horizon selected.
- It was highlighted that we should be careful not to just link this (2063) to aspirations
- 2063 does not fit into the cycles or the timeframes related to this ecological crisis.

- **Key question**

- Emphasis on the question of what constitutes “we”
- The inclusion of social inclusive economy which deals with a lot of issues is massive and we may lose focus.
- When phrasing the questions, it is important to understand that a transition is already taking place.

# DISCUSSION POINTS

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- **Using the word policy**

- There is a need to look at it in two parts:

- I. **Philosophical approach** – social contradictions that are not being resolved in our current paradigm, causing a type of cognitive dissonance.
- II. **Natural or scientific approach** - how do we understand nature and our natural environment.

- **Education**

- Though there have been discussions around skills development etc., there is little education geared specifically around climate change.

# DISCUSSION POINTS

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- **Negative future**

- Involves a rapidly declining global population in 2063

- **Positive future**

- Southern Africa has achieved carbon neutrality
- The concept of a 100% employment needs to be explored a bit more. - it must be broadened to something that talks about being economically active or gainfully active, rather than just jobs.
- To what extent have we looked at the diversified economy and the society (Have we considered the possibility of movement of people and borders as well? What would be the influence of this diversified, dynamic and diversified economy on borders?)

# GAPS

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- **Financialisation**

- Overall rise of the financial sector is not properly discussed
- Current approach to renewable energy driven by the financial sector rather than by the state.
- More aggressive approach to the implementation of issues and solutions relating to the green economy.

# NEXT STEPS

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- Phase 2 and 3
  - Fine-tuning of variables using research agenda
  - Developing storylines and converting narratives to scenarios
  - Communicating scenarios

THE END

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THANK YOU



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