



## The green economy: progress and prospects

The concept of the green economy provides a potential framework to address some of South Africa's major socioeconomic and environmental challenges by stimulating economic activity and employment through positive action on the environment, write *Leanne Seeliger* and *Ivan Turok*.

**T**he country is a major global source of carbon emissions, many of our vital ecosystems are under threat, and there is a looming water crisis. Meanwhile, unemployment is exceptionally high and poverty blights many local communities.

The idea of green growth can constructively connect these themes by stimulating economic activity and employment through positive action on the environment. The South African government recognised the possibilities with the New Growth Path launched in 2010. It identified the green economy as one of five major employment drivers.

One of the pillars of the green economy concentrates on expanding jobs and incomes by creating markets for environmentally-friendly goods and services, such as renewable energy, biofuels, retrofitting buildings and waste recycling. Another pillar involves promoting green technological innovation and enabling more efficient use of natural resources, such as water, soil for food production, coal and other minerals. The core idea is that a targeted financial stimulus can secure combined economic and environmental benefits from green initiatives.

South Africa faces big challenges in making the transition to a low-carbon economy because of its heavy dependence on coal-based energy generation and oil-reliant transport systems. The country's historic growth path has consistently ignored the damage done to the natural environment as a result of mining, cheap energy and suburban sprawl. An incremental approach that gradually phases in alternative technologies and cleaner activities

will avoid the economic shock that would arise from suddenly cutting back on 'dirty' industries, reducing energy consumption and replacing fossil fuels with more costly substitutes.

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### **Ambitious green targets**

The government signalled its intentions by launching the Green Economy Accord in November 2011 on the eve of the 17th Conference of the Parties (COP17) to the United Nations Framework Convention on Climate Change in Durban. This was a high-level agreement based on a broad consensus between the government, business, labour and civil society on greening the economy. Stakeholders in the social contract agreed on 12 commitments that seemed very bold and comprehensive at the time. The initiative captured the public imagination and raised the profile of government action on the environment.

The commitments included installing a million solar water heaters by 2014, procuring 3 725MW of renewable energy for the national grid by 2016, substantial investment in green

industry, energy efficiency targets of between 10-15% in many sectors, waste recycling targets of up to 61% on some substances by 2014, support for biofuels, the possible development of a carbon capture storage facility, phasing out incandescent lighting, the promotion of public transport and the electrification of poor communities.

### Progress to date

Progress on these commitments has been somewhat uneven to date. In May 2013 the Economic Development Department issued a summary progress report. The government's achievements against three commitments were highlighted: solar water heaters, renewable energy and investment in green industry.

Almost 340 000 solar water heaters have been installed and proposals are being reviewed to install the remaining 660 000. An energy efficiency campaign by Eskom is estimated to have saved 80GW of electricity consumption, reducing customer bills by about R80 million.

Most important, the Industrial Development Corporation has allocated R7.6 billion for 18 green industry projects since 2011, with an emphasis on renewable energy (mainly solar panels and wind turbines). This is expected to create more than 3 700 permanent jobs and many more temporary jobs. South Africa's recent investment in renewable energy has been recognised as highly significant by global observers.

Progress on biofuels and the electrification of poor communities has been relatively slow. The commitment to promote biofuels experienced several delays, including public opposition using land designated for agriculture for fuel production. Meanwhile, there are about 3.3 million households without electricity. Three-quarters are in areas waiting for investment by Eskom, and a quarter are in areas dependent on municipalities.

The Green Economy Accord has not reported any progress on greenhouse gas emissions. However, the Department of Environmental Affairs expects to implement a mandatory greenhouse gas (GHG) reporting system in 2014. Companies and entities that emit more than 100 000 tonnes of GHGs annually or that consume electricity that results in more than 100 000 tonnes of emissions from the electricity sector will be required to report on their GHG emissions in the new system.

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### Conclusion

All things considered, there is a broad consensus that the Green Economy Accord was a good start to greening the economy. The choice of some of the commitments was tactically astute because pledges had already been approved and actions set in motion, so progress was relatively assured. This was valuable for symbolic reasons and beneficial for building confidence among the various stakeholders.

Further progress will require stepping up a gear. The partnership with the business sector needs to



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be strengthened to accelerate the adoption of green economy principles and practices, especially in reducing carbon content and promoting resource efficiency. Private investment also needs to be attracted into green industries and infrastructure since there is a limit to the resources available to the government. Trade unions need to be persuaded that action on the environment need not compromise jobs, and to support public works programmes to restore and maintain water courses, green spaces, soil conservation and other ecosystems.

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NGOs have important roles to play in extending the beneficial impacts of green economy initiatives to poor communities through solar water heaters, localised electricity generation and passive shelter design to reduce heat loss during winter. NGOs have a stronger track record and credibility of working with communities to provide better environmental services than municipalities.

Above all, greater technical and administrative capacity is needed within each sphere of government to follow through on the commitments made in 2011 and to realise the full potential of the green economy. Key government departments lack the capabilities to mobilise other partners and to unlock the bureaucratic constraints to green projects. There is simply not enough professional staff available to translate the good intentions and targets of the Green Economy Accord into reality. ■

*Authors: Dr Leanne Seeliger, post-doctoral fellow, Economic Performance and Development (EPD) programme, HSRC; Professor Ivan Turok, deputy executive director, EPD, HSRC.*