

A case for a green and just economic stimulus package

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Context

A unique opportunity for change

- ▶ SA's medium-term response to the COVID-19 crisis provides a unique opportunity to
 - ▶ reset our unsustainable development pathway and foster a green recovery
 - ▶ one that builds an inclusive, job-rich, and resilient society.
- ▶ If not done adequately, stimulus measures for the 'old economy' can run the risk of locking in unsustainable and increasingly uncompetitive sectors.

Defining a SA pathway

- ▶ The opportunity to bring about a more sustainable model of development for the long term has been widely acknowledged.
- ▶ However, most proposals are not relevant for the SA context
 - ▶ often narrowly focused on RE, and
 - ▶ on interventions relevant for high-income economies

Co-benefits

A green and inclusive recovery approach would have massive co-benefits for the country and society

Economic

- ▶ Increased economic resilience
- ▶ Improved energy and water security
- ▶ Decreased reliance on imports, notably of fossil fuels
- ▶ Focus on local industrial capacity and economic development

Social

- ▶ Reduced inequality and poverty (in turn improving social cohesion)
- ▶ Local job creation and small business promotion
- ▶ Community development
- ▶ Health and education improvement

Environmental

- ▶ Improved climate resilience
- ▶ Reduced air and water pollution
- ▶ Sustained ecosystems services
- ▶ Circular 'closed loop' systems

Key principles

It should be local

- ▶ Harnessing African solutions for African problems
- ▶ Regional development strategy (SADC, Africa, Global South)

It should be climate-resilient

- ▶ Physical impacts of climate change have already been felt in SA – and the water crises are only the beginning.
- ▶ Imperative to climate-proof the economy and society.

It should be inclusive and just

- ▶ Explicit biased towards vulnerable groups (the unemployed, low-income communities, workers, small business, youth and women) in order to enable a just transition
- ▶ Focus on employment creation but also ensuring that new opportunities reach everyone in society.

It should be low-carbon and resource efficient

- ▶ Socio-economically benefits
- ▶ Avoid stranded assets and dire impacts from climate change response measures (BCAs, shift in finance and trade)

Key pillars

Building the network infrastructure required for a green and just transition.

- ▶ Smart grids, e-mobility, smart water and sanitation, rail, waste management
- ▶ Ecological infrastructure
- ▶ ICT / broadband

Unlocking investment from the private sector and households

- ▶ Policy and/or regulatory changes
- ▶ RE, green hydrogen, water and sanitation, waste management.

Supporting local activities

- ▶ Bringing economic and industrial development.
- ▶ Smart meters, biomaterials, EVs, batteries, green hydrogen, NGS
- ▶ Sustainable tourism and agriculture
- ▶ Health and education
- ▶ In turn, support to large enterprises only with conditionalities on social and environmental progress

Improving access to sustainable services.

- ▶ Fostering inclusive development and ensuring that green solutions reach everyone in society
- ▶ Sustainable housing ('green' RDP); e-mobility for all, NMT

Implementing fiscal reform

- ▶ Remove subsidies to fossil fuels
- ▶ Incentivise new green solutions
- ▶ Foster resource efficiency and preservation.
- ▶ Reform of administrated prices (energy and water) to make pricing inclusive and strongly drive behavioural change



Electricity

Harnessing the co-benefits of RE

- ▶ Increase energy security
- ▶ Least-cost pathway + quick rollout
- ▶ Local manufacturing and job creation potential
- ▶ Just (energy) transition
- ▶ Increased & improved energy access
- ▶ Low-carbon and clean technologies

Three key avenues

- ▶ Restarting the REIPPPP
- ▶ Unlocking SSEG
- ▶ Enabling third-party transactions

Smart grids are at the core of a modern energy system

- ▶ Harnesses ICTs for energy (enables more responsive, data-centric operation and planning)
- ▶ Integration of modular, decentralised electricity generation (SSEG, small and large IPPs, storage)
- ▶ Connection of smart homes and transport (EVs) systems in support of energy management
- ▶ Pathway to renewable energy and improved energy demand management
- ▶ Road to new more sustainable tariff structure for all stakeholders

Water and sanitation

Harnessing the co-benefits of water and sanitation

- ▶ Increase water security
- ▶ Increased & improved water and sanitation access
- ▶ Health and sanitary benefits
- ▶ Local manufacturing and job creation potential
- ▶ Circular 'closed loop' approach
- ▶ More efficient / sustainable system
- ▶ Increased financial viability

Five key avenues

- ▶ Addressing Non-Revenue Water
- ▶ Investing in water demand management
- ▶ Building ecological infrastructure
- ▶ Investing in water treatment
- ▶ Rolling out smart water and sanitation systems

Pricing and governance reform

- ▶ To support resource efficiency, circularity and new solutions
- ▶ To foster collaboration and cooperation
- ▶ To raise public awareness and trigger behavioural change

Conclusion

A unique opportunity to

... channel vast amount of resources towards the country's just transition to sustainable development.

Defining a SA pathway

- ▶ No silver bullet – a mix of solutions
- ▶ No blueprint – trial & error
- ▶ But lots of possibilities!

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