

Briefing Note: Towards an inclusive rollout of electric vehicles in South Africa

The world is rapidly moving towards e-mobility. Pushed by environmental regulations, support programmes and improving economics, electric vehicles (EVs) that is traditional hybrid (HEV), plug-in hybrid (PHEV) and battery electric (BEV) vehicles, are set to become dominant in the coming decades. Yet this electric revolution risks leaving many commuters behind, further deepening inequalities between and within countries. The risk of an exclusionary, elitist transition to e-mobility is high.

Achieving a socially progressive development of e-mobility requires pro-active interventions. This is particularly true in South Africa, given the high levels of inequality overall and differences in access to transport. Only a third of South African households own a car and over half of the population relies on public transport, primarily minibus taxis (MBTs) and buses.

A dual strategy is necessary. It concerns fostering the overall uptake of EVs as well as incentivising an inclusive rollout that benefits all in society.

First, the strategy involves promoting the purchase of entry-level EVs in the passenger car market. A temporary cash grant or innovative financial arrangement, pegged at R80 000 for BEVs, R40 000 for PHEVs and R20 000 for HEVs, is recommended as the main instrument to incentivise prospective buyers. This level of support can bridge the gap between electric and petrol-fuelled cars for the first two quintiles of the market.

Second, the strategy should foster the introduction of EVs in public transport. The rollout of e-MBTs should be supported through a temporary, enhanced Taxi Recapitalisation Programme scrapping allowance for EVs (around R162 000 for BEVs) and low-cost finance. The shift of bus fleets to EVs should be supported through a set of grants and innovative financial arrangements and business models, like Pay-as-you-Save.

The “electric revolution” will make transportation more environmentally sustainable. It also provides a unique opportunity to make it more socially inclusive. It should not be missed.

The [TIPS Policy Brief Towards an inclusive rollout of electric vehicles in South Africa](#) provides more detail.