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Planning is vital to reduce climate 'transition shock'

South Africa has received just over R145 billion in climate change funding from developed countries so far in the form of development aid-type loans and grants. This was according to Prof William Gumede, associate professor at the University of the Witwatersrand's School of Governance.

However, the South African Reserve Bank (SARB) has warned that South Africa had no effective plan in place to mitigate the shock to the economy caused by a climate change transition, as required by the country's commitments to its climate change goals.

The SARB said that six South African industrial sectors were disproportionately exposed to a climate change transition. This included the transport, mining and agriculture sectors.

About R980 billion in corporate credit loans by South African banks were tied up in the "transition-sensitive economic sectors", Gumede said in his Inclusive Society Institute policy paper titled, 'Strategies how SA can achieve a green economy and technology-driven industrialisation', according to a report in *Business Day*.

According to Gumede, unless the "transition shock" was mitigated by adequate policies, South Africa's financial institutions would be destabilised.

SOUTH AFRICA RELIES ON FOSSIL FUELS FOR 83% OF ITS ELECTRICITY GENERATION

For instance, South Africa relies on fossil fuels for 83% of its electricity generation supported by 66 operating coal mines, located mostly in Mpumalanga and KwaZulu-Natal. The country's coal value chain formed a large part of the domestic economy and directly employed 100 000 people.

Claude Peters, managing director of RenEnergy Africa, told *Engineering News*: "While there are some positive legislative movements, execution remains critical. The challenge remains that translating policy and targets into sustained action will require significant investment in infrastructure, efficient processes and grid capacity.

"And from a socio-economic standpoint, there is a clear need for comprehensive planning to ensure a just transition."

A green economy is, as defined by the United Nations' Environment Programme (UNEP), an inclusive economy that improves human well-being and builds social equity, while reducing environmental risks and scarcities. It is an alternative to today's dominant economic model, which exacerbated inequalities, triggered resource scarcities, and generated widespread threats to the environment, according to the UNEP. – *Annelie Coleman*