



Decentralising the Just Energy Transition

The role of the private sector in supporting municipalities

By Mmabatho Mongae and Nnaemeka Ohamadike

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Topic Summary

South Africa is highly vulnerable to the impact of climate change, and mitigating its effects requires coordination between the different spheres of government, the private sector, and citizens. But in the eyes of citizens, the private sector does not have a visible role in limiting climate change. How can this be fixed?

Executive Summary

With nearly 86% of its carbon dioxide (CO₂) coming from coal, South Africa is one of the world's most coal-dependent countries.¹ Additionally, it produces nearly a quarter of the continent's total carbon emissions.² Its economy is highly dependent on agriculture and mineral extraction, which are energy-intensive. Importantly, South Africa is subject to climate variability and change.³ The effects are exacerbated by dysfunctional municipalities' limited ability to build climate resilience systems and ensure robust disaster risk management. With local government administrative instability, service delivery failures, and financial mismanagement highlighted by Good Governance Africa's (GGA) Governance Performance Index (GPI), societal stakeholders bear the brunt of dysfunction, particularly amidst escalating climate-induced natural disasters, which further strain government resources. As such, the fight against climate change requires a coordinated response from government, the private sector, and citizens. Presently, citizens do not identify the private sector as a key stakeholder in mitigating climate change. This suggests that the private sector does not have a visible presence in the fight against climate change, thereby presenting the private sector with an opportunity to support the decentralisation of the just energy transition. These efforts can also form part of attempts by the private sector to mainstream Environmental, Social, and Corporate Governance (ESG) best practices.

- 1 Department of Forestry, Fisheries and the Environment. (2023). "South Africa's 5th Biennial update report (BUR-5) TO THE United Nations Framework Convention on Climate Change (UNFCCC)". Available: <https://unfccc.int/sites/default/files/resource/Fifth%20Biennial%20Update%20Report%20of%20South%20Africa%20Submission%20to%20UNFCCC.pdf>
- 2 International Monetary Fund African Department. (2023). "South Africa Carbon Pricing And Climate Mitigation Policy", IMF Staff Country Reports 2023, 195 (2023), A003. <https://doi.org/10.5089/9798400245350.002.A003>; Ritchie, H. (2023). "Sub-Saharan Africa emits a tiny fraction of the world's CO₂". Energy For Growth Hub. Available: <https://energyforgrowth.org/article/sub-saharan-africa-emits-a-tiny-fraction-of-the-worlds-co2/>
- 3 Department of Forestry, Fisheries and the Environment. (2020). "National Climate Change Adaptation Strategy". Pretoria: Government Printer.

A Call to Action

The private sector can play a more visible and crucial role in decentralising the just energy transition by developing environmentally minded partnerships with local municipalities, thereby positioning itself as an enabler of broad-based economic growth.

Impact

- The private sector has an opportunity to improve the quality of air and life by investing in air purifying technologies in the most vulnerable areas, especially in places like Mpumalanga, where air pollution is deadly and causes major health issues.
- The private sector's support in the Govan Mbeki local municipality has significantly contributed to water infrastructure. This has created employment opportunities, quality access to water, improved sewerage and stormwater infrastructure maintenance. In the medium to long term, increased decentralisation can contribute to skills development, enhance community initiatives, and influence citizens' climate change behaviour.
- The commitment to climate investment can yield opportunities for economic development and, ultimately, local stability. Specifically, the contribution towards initiatives, projects and technologies can promote the transition to a low-carbon, sustainable local economy and generate extra revenue to meet service delivery demands.

Recommendations

- Private sector entities can invest in sustainable infrastructure projects. In the case of Govan Mbeki local municipality, for instance, collaborating with private stakeholders to upgrade and modernise the electricity distribution network and metering systems has helped reduce losses and enhance reliability.
- Investments in advanced water treatment plants and sanitation infrastructure can contribute to more efficient service delivery and climate change mitigation.
- The private sector can collaborate with existing climate change initiatives by hosting quarterly civic engagement drives at primary and secondary schools as well as in rural areas. This can familiarise locals with climate change language and, therefore, address climate change language barriers. This speaks to a broader initiative of decentralising climate change knowledge/terminologies.
- A complementary initiative would be to introduce lekgotla dialogues that aim to enhance environmental consciousness. Lekgotlas are often familiar and inclusive, help to reach a consensus on strategies, and empower citizens through participation and knowledge sharing – particularly for women and the elderly.
- These discussions should be followed by workshops that local municipal and community leaders can facilitate. This will not only increase corporates' visibility but empower the community.

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Analysis

The Just Energy Transition in South Africa

South Africa is an energy-intensive, middle-income and developing country. Given its food and water insecurity and this dual impact on infrastructure, human settlement, health, and critical ecosystem services, South Africa is vulnerable to the impact of climate change.⁴⁵ According to the 2020 ND-GAIN index⁶, the country ranks 92 out of 181 countries.⁷ The country has made notable strides in its own transition efforts away from over-reliance on fossil fuels and towards renewables. The government's National Climate Change Response White Paper, published in 2011, was the first to introduce the phrase "just transition" to the lexicon of South African policy.⁸ As the Just Transition movement has gained momentum, the government has adopted several other policy documents and developed several initiatives, including the Presidential Climate Commission (PCC) in 2020. However, concerns have been raised about the lack of coordination between the key stakeholders. This lack of coordination is a bottleneck for developing agreements between government and the private sector.⁹

Moreover, despite these commendable efforts, there is a high lack of awareness of climate change in South Africa. The Afrobarometer round 9 survey (2023) indicates that about 43% of respondents in South Africa said they have heard of climate change.¹⁰ As Figure 1 indicates, this low awareness is particularly noticeable among select population groups.

Interestingly, of those who have heard about climate change, 71% of respondents say that ordinary citizens can play a role in limiting climate change, and 63% believe that government must take immediate action to limit climate change, even if it is expensive, causes job losses, or takes a toll on the economy.

When those who indicated an awareness of climate change were asked who is primarily responsible for limiting climate change, 37% said the government is responsible, 36% said ordinary South Africans, while only 16% said that business and industry are primarily responsible for limiting climate change.¹¹ This suggests that in the eyes of citizens, the private sector has not positioned itself as a key stakeholder in limiting climate change.

Respondents' willingness to attribute a high degree of responsibility for climate change to citizens (among other groups) suggests that they possess a sense of agency and commitment to limiting it. Given South Africa's economic challenges, these sentiments should be viewed as an opportunity to transform commitment and agency into actionable plans and commitment. Within the discussion of JET, insufficient attention has been paid to how the private sector can play an instrumental role in decentralising power and aid local municipalities to foster inter-municipal collaboration, especially between urban and rural areas.

This underexplored role presents an opportunity to empower both local municipalities and citizens. More importantly,

4 Dove, M. (2021). "Climate Risk Country Profile: South Africa". World Bank Group. Available: https://climateknowledgeportal.worldbank.org/sites/default/files/country-profiles/15932-WB_South%20Africa%20Country%20Profile-WEB.pdf

5 Maluleke, L. (2023). "South Africa's worsening water security crisis." Good Governance Africa. Available: <https://gga.org/south-africas-worsening-water-security-crisis/>

6 The Norte Dame Global Adaptation Initiative's (ND-GAIN) Country Index shows a country's current vulnerability to climate disruptions. It also assesses a country's readiness to leverage private and public sector investment for adaptive actions.

7 Ibid.

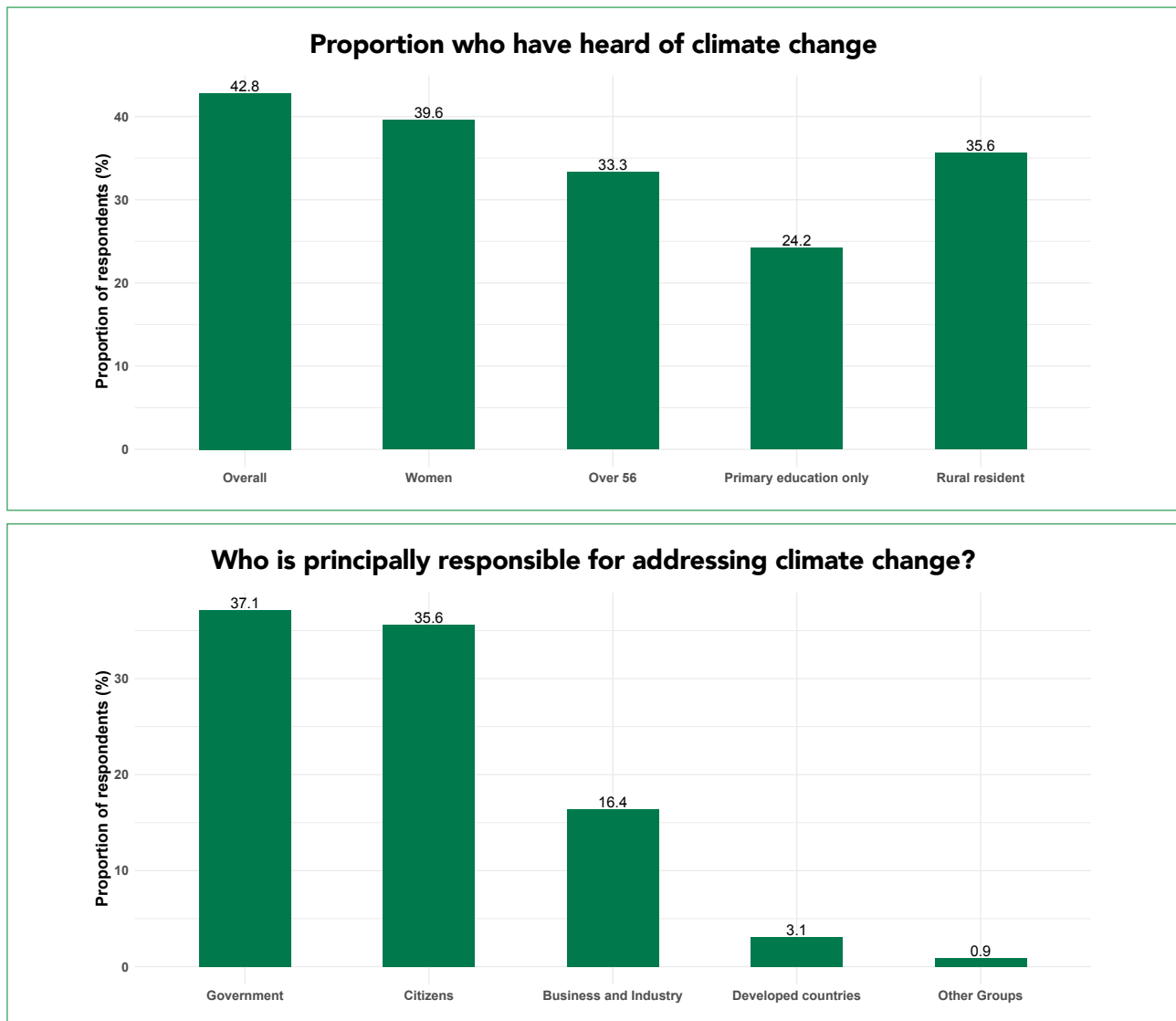
8 Department of Environmental Affairs. (2011). "National Climate Change Response White Paper". Government Gazette No. 334695, Notice No. 757. Pretoria: Government Printer.

9 Adom, R.K., Simatele, M.D., Das, D.K., Mukalazi, K.A., Sonwabo, M., Mudau, L., Sithole, M., Kubanza, S., Vogel, C., & Zhou, L. (2023). "Enhancing climate change adaptation governance through transforming institutions in Kwa-Zulu Natal Province, South Africa", International Journal of Climate Change Strategies and Management, Vol. ahead-of-print No. ahead-of-print. <https://doi.org/10.1108/IJCCSM-12-2022-0157>; Averchenkova, A., Gannon, K., & Curran, P. (2019). "Governance of climate change policy: A case of South Africa." The London School of Economic and Political Science. Available: https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2019/06/GRI_Governance-of-climate-change-policy_SA-case-study_policy-report_40pp.pdf

10 Mpako, A. & Govindasamy, P. (2023). "Despite growing evidence, climate change is still unknown to many South Africans." Dispatch Paper No.615. Afrobarometer. Available: AD615-Climate-change-still-unknown-to-many-South-Africans-Afrobarometer-8mar22.pdf

11 Respondents who said they had heard of climate change were asked: Who do you think should have primary responsibility for trying to limit climate change and reduce its impact? (Respondents who had not heard of climate change were excluded).

Figure 1: Citizen Perceptions of Climate Change in South Africa



this can help bridge the gap between citizens, the private sector, and local governance structures. Ultimately, the success of JET depends on meaningful coordination with the commitment of citizens at the centre. The private sector has an opportunity here to demonstrate its pivotal role as an enabler of economic growth that will benefit citizens.

For South Africa, the challenge is identifying long-term efficient and creative ways to translate national objectives to the local level while utilising existing resources and including stakeholders at different phases of the transition.

The importance of Mpumalanga province in JET

Mpumalanga plays a crucial contextual role in developing a suitable JET for South Africa because it accounts for 83% of South Africa’s coal production. It is also home to 12 of the country’s 15 coal-fired power stations.¹² Coal production continues to negatively impact the quality of life for South Africans, and there appears to be increased resistance to this impact by citizens. For example, in 2023, mining company Exxaro Group was sued by coal miners in the district of

¹² Mpumalanga Provincial Government. (n.d.). “Climate Change and Just Transition in Mpumalanga Province in South Africa.” Available: https://www.dst.gov.za/images/pdfs/Climate_Change_Just_Transition_Circular_Economy_MP.pdf.

Vhembe in Limpopo for failing to comply with occupational exposure limits, which has left coal miners ill and battling various health conditions.¹³ Similarly, in 2022, a South African court declared air pollution in Mpumalanga’s Highveld region to be in breach of section 24(a) of the Constitution, which states that everyone has the right to an environment that is not harmful to their health or wellbeing.¹⁴ Exposure to air pollution has caused health complications and premature deaths and could result in 79 500 pollution related deaths between 2025 and the power plants’ end of life. It is also reported that Eskom’s non-compliance with minimum emissions standards would cost the economy R42 billion by 2023.¹⁵ Notwithstanding this, the province has great potential for renewable energy from solar, wind and biomass. This potential is, however, dependent on a bottom-up approach – engaging with communities. In essence, the just energy transition cannot leave communities or businesses behind.

Despite Mpumalanga’s potential, it has the 3rd highest unemployment rate of any province (38.5%).¹⁶ About 63% of its population is below the age of 35, and the poorest 40% of households earned about 7% of total income in 2021.¹⁷

Comparative case study: Private sector engagement enhances service delivery and climate action

Here, we compared two local municipalities in Mpumalanga that scored divergently in the service delivery component of the GPI: Govan Mbeki LM and Bushbuckridge LM.¹⁸ Whereas

the former performed better (3.92) than the provincial norm on the service delivery dimension of the GPI, Bushbuckridge performed worse (2.40).¹⁹ We focus on basic service delivery because it is the core responsibility of local government in South Africa²⁰ and thus weighted most in the GPI.²¹

The GPI is a ranking index of municipal-level governance performance. It also serves as a performance improvement incentive and a benchmark against which local municipalities can track their performance and help them become more accountable to their citizens for better performance.²² According to the GPI, with a score of 2.97, Mpumalanga ranks 6th out of the country’s 9 provinces. Figure 2 maps the average local municipal performance on the 2024 GPI by province.

Govan Mbeki Local Municipality

Govan Mbeki Local Municipality is in the Gert Sibande District in the Mpumalanga Province of South Africa. The municipality plays an important role in the provincial and district economies, particularly in mining and manufacturing, which contributed 12.7% and 47.2%, respectively, in 2019.²³ Although the municipality maintains the highest score in Mpumalanga for service delivery on the GPI, it does face some significant service delivery challenges, especially in the provision of electricity. For instance, in 2021, the Parliamentary Monitoring Group highlighted how the municipality faces distribution challenges, with electricity losses at a concerning 60%.²⁴ The then municipal management attributed these losses to load shedding and voltage fluctuations, impacting the electricity access component of service delivery.

13 Pikoli, Z. (2023). “Used, abused and discarded – former coal miners from Limpopo launch class action against Exxaro.” Daily Maverick. Available: <https://www.dailymaverick.co.za/article/2023-11-23-used-abused-and-discarded-former-coal-miners-from-limpopo-launch-class-action-against-exxaro/>

14 Bekezela, P. (2021). “Government faces court action over ‘deadly’ pollution in Mpumalanga.” Business Day. Available: <https://www.businesslive.co.za/bd/national/science-and-environment/2021-05-18-government-faces-court-action-over-deadly-pollution-in-mpumalanga/>; The Republic of South Africa. (1996). “Constitution of the Republic of South Africa.” Available: <https://www.justice.gov.za/legislation/constitution/saconstitution-web-eng.pdf>

15 Myllyvirta, L. & Kelly, J. (2023). “Health impacts of Eskom’s non-compliance with minimum emissions standards.” Centre for Research on Energy and Clean Air (CREA). Available: <https://cer.org.za/wp-content/uploads/2023/02/Health-impacts-of-Eskom-non-compliance-with-minimum-emissions-standards-Google-Docs.pdf>

16 Statistics South Africa. (2023). “Statistics for Business.” Available: https://www.statssa.gov.za/wp-content/uploads/2023/03/StatsBiz_February2023.pdf

17 Bega, S. (2023). “Communities vital to Mpumalanga’s energy transition – premier.” Mail & Guardian. Available: <https://mg.co.za/the-green-guardian/2023-06-09-communities-vital-to-mpumalanga-energy-transition-premier/>

18 Municipalities that score high on the service delivery component of the GPI may not score high on the broader GPI.

19 Municipalities are ranked on a 1-5 scale, where higher is better.

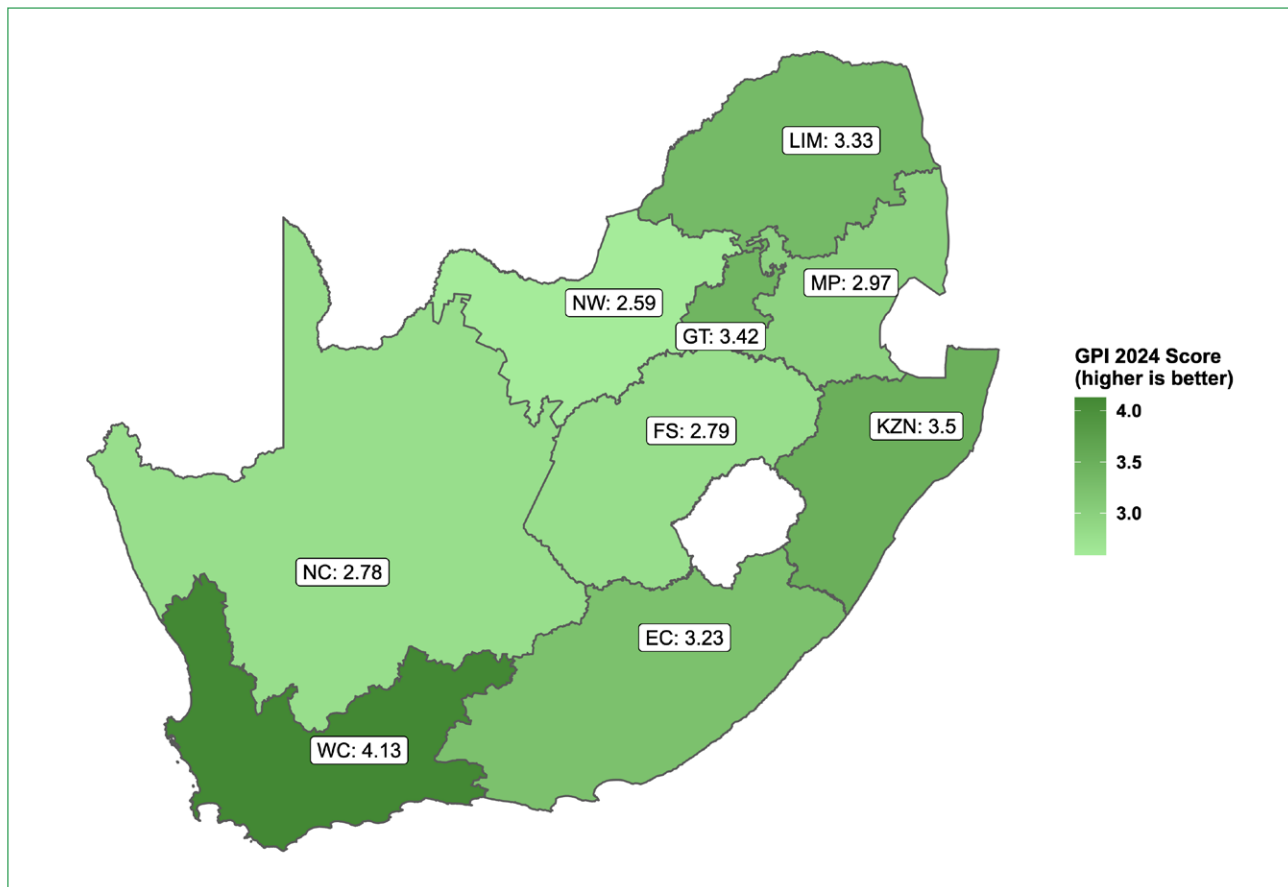
20 Mhlaba, J.Q. (2018). “The impact of leadership and management capacity on municipal service delivery in Bushbuckridge local municipality.” Doctoral thesis. Durban University of Technology. Available: https://openscholar.dut.ac.za/bitstream/10321/3273/1/MHLABAJQ_2018.pdf

21 We focus on access provided to four key services: piped water, sanitation, electricity, and refuse removal. We also consider how much a municipality supports indigent households and the quality of water and sanitation provision.

22 Good Governance Africa (2021). Governance Performance Index – South Africa 2021. Available: <https://gga.org/governance-performance-index/>

23 Parliamentary Monitoring Group (PMG). (2021). “Govan Mbeki Local Municipality: engagement with Mpumalanga & COGTA; with Minister.” Available: <https://pmg.org.za/committee-meeting/32265/>

24 Ibid

Figure 2: Average Municipal GPI 2024 Scores by Province

Despite challenges, the municipality's ongoing implementation of a master plan involves constructing pump stations, installing sewer lines, and upgrading wastewater treatment plants, with support from its private sector partners and provincial and national governments.²⁵ This highlights the need for public-private partnerships in service delivery. Such collaborations contribute to curbing climate change, decentralising the just transition, and creating opportunities for private sector visibility to ordinary citizens.

The municipality also received a Municipal Infrastructure Grant of R4.6 million, used for essential projects like drilling 31 boreholes, albeit with some difficulties arising from illegal connections and sewer spillages.²⁶ As of 2020, the municipality had a prospective R10 billion public-private partnership initiative for social infrastructure development.²⁷

Such projects can enhance resilience to climate change impacts like water scarcity and extreme weather events and mitigate greenhouse gas emissions through sustainable infrastructure. Although sewer spills can contaminate water sources, leading to the spread of diseases and harming aquatic ecosystems.

Bushbuckridge Local Municipality (BLM)

BLM is one of the five local municipalities of Ehlanzeni District Municipality in the north-eastern part of Mpumalanga. The municipality's eastern boundary is adjacent to the Kruger National Park. BLM has faced service delivery challenges over the years, leading to protests from communities dissatisfied with the provision of essential municipal services like clean water, electricity, and proper sanitation.²⁸ For instance, on 17th January 2023, protesters,

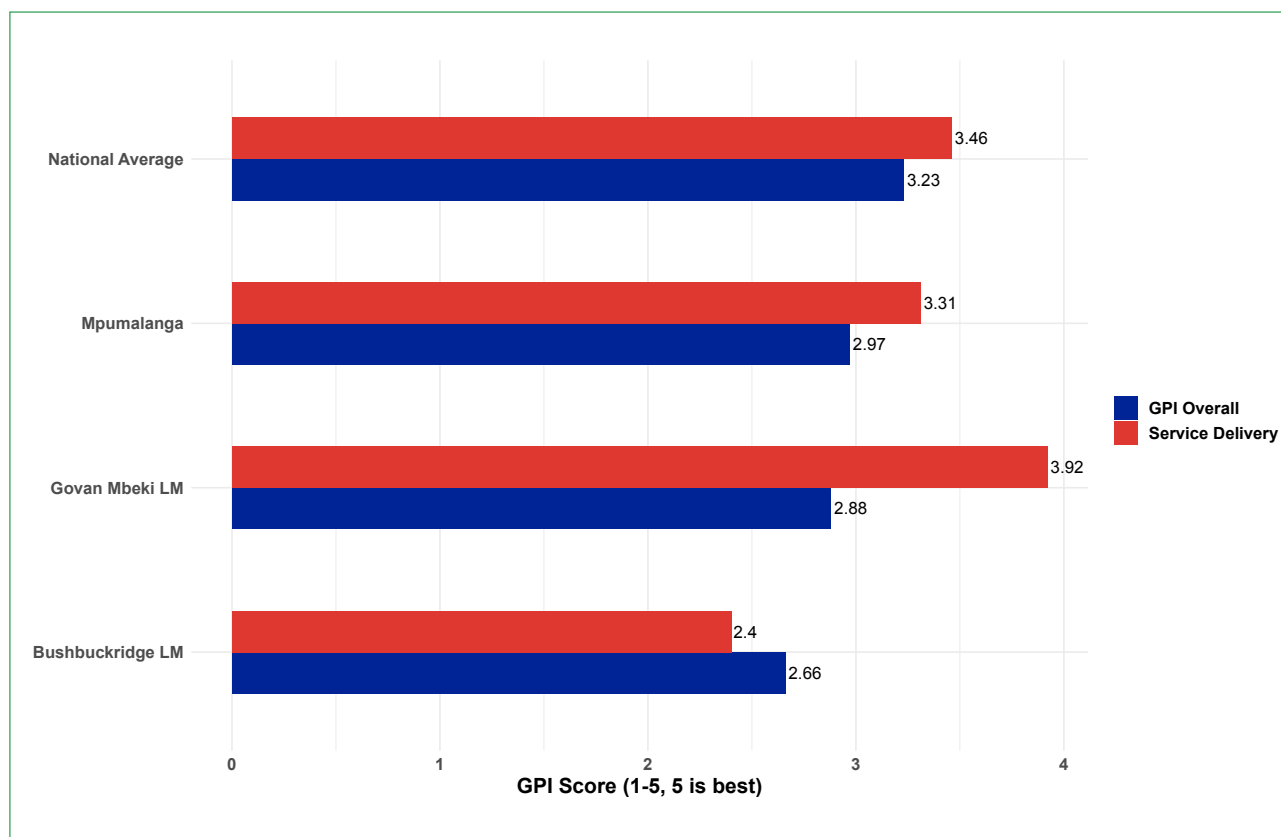
²⁵ Ibid

²⁶ Ibid

²⁷ Parliament of the Republic of South Africa. (2020). "Govan Mbeki Local Municipality in a State of Paralysis." Available: <https://www.parliament.gov.za/press-releases/govan-mbeki-local-municipality-state-paralysis>

²⁸ Beyers, L. A., & Schutte, N. E. (2018). "Guidelines for Improving Infrastructure Development in the Rural Communities of Bushbuckridge." *Studies of Tribes and Tribals*. 16(1/2), pp 33-39.

Figure 3: Case Study Municipalities in Context



seeking improved service delivery, blocked the Acornhoek - Bushbuckridge road, specifically demanding clean running water, which they had been without for some time, noting irregular deliveries even from municipal water tankers.²⁹

Figure 3 presents a sombre outlook for the municipality on basic service delivery, especially considering the provincial and national norms. Poor sanitation and waste management practices, for example, can lead to air pollution, lung disease and ultimately death. This highlights the importance of the private sector in the mainstream of service delivery to mitigate climate change and create opportunities for their visibility to ordinary citizens.³⁰ Private sector organisations tend to think of their roles in society as creators of business value. Tax payment is often as far as social responsibility goes,

perhaps aside from Corporate Social Responsibility projects. However, given the evident relationship between governance performance and political stability,³¹ the private sector has a significant incentive to contribute to improving the efficacy of local service delivery; though it must not become a substitute for the local municipality but a partner to ensure sustainable service delivery.

Beyers & Schutte note that there is a need for additional funding for rural development, not only in Bushbuckridge communities but in all rural communities in South Africa, and this can be achieved through local government initiatives.³² Private organisations can partner with municipal governments to fund or establish local government service delivery initiatives which can address climate change,

29 The Citizen. (2023). "Protesters up in arms over lack of service delivery in Bushbuckridge." <https://www.citizen.co.za/lowvelder/news-headlines/2023/01/17/protesters-up-in-arms-over-lack-of-service-delivery-in-bushbuckridge/>

30 Only very few service delivery projects, like housing, are funded by the private sector in Bushbuckridge municipality. See Bushbuckridge Local Municipality Final Integrated Development Planning 2020/21. Available: https://www.cogta.gov.za/cgta_2016/wp-content/uploads/2021/02/Bushbuckridge-Municipality.pdf

31 See, for example, the case of Nigeria: Adegbami, A., & Adepoju, B. M. (2017). Good governance in Nigeria: A catalyst to national peace, stability and development. *African Research Review*, 11(4), 144-155.

32 Beyers & Schutte. (2018).


improve overall living conditions, and specifically benefit agricultural businesses at the local level.³³

Public-private partnerships are also important since protests in South Africa, such as those growing in BLM, have often been known to degenerate into violence and looting,³⁴ which can disrupt the operations of businesses.³⁵

Taken together, comparing the two LMs above highlights the importance of public-private partnerships in mitigating climate change through improvements in service delivery. Globally, successful public-private partnerships have been vital in improving service delivery while addressing environmental concerns. For instance, in Barcelona, collaboration with private entities led to the implementation of smart water management systems, enhancing water supply efficiency and quality.³⁶ Also, partnerships in waste collection and recycling initiatives in cities like Singapore have not only improved service delivery but also contributed to reducing environmental impact.³⁷ Such initiatives are particularly relevant in South Africa, where climate change vulnerabilities and challenges, especially at the local level, necessitate effective water and waste management strategies to mitigate environmental impact and enhance public health.

Conclusion

Within the context of developing a suitable just energy transition in South Africa, Mpumalanga plays a pivotal role. Even though 80% of total coal production occurs in Mpumalanga and its regional economy is consequently dependent on the exploitation of coal, many local residents have experienced the negative effects of coal-fired power stations. It is also widely agreed that climate change must be limited. However, dysfunctional local municipalities, lack of awareness, and the lack of coordination between local municipalities, the private sector and citizens stifle meaningful progress. To address this, the private sector needs to make a steadfast move in partnering with local municipalities in critical areas like Mpumalanga by supporting the decentralisation of the just energy transition. This commitment stands to have a positive cross-cutting impact by simultaneously increasing the sector’s visibility, increasing climate awareness, improving local governance, and improving economic development.

Signature:	
Approved by:	Dr Ross Harvey
	Director of Research and Programmes at Good Governance Africa
Date:	1 March 2024

33 See Chiloane-Tsoka, E., & Mabiza-ma-Mabiza, J. (2014) for details on how climate change negatively impacts the sustainability of small, medium, and micro enterprises (SMMEs) in Bushbuckridge Municipality.

34 Alexander, P. (2010). "Rebellion of the poor: South Africa's service delivery protests – a preliminary analysis." *Review of African Political Economy*. 37, pp 25-40. <https://doi.org/10.1080/03056241003637870>; Alexander, P., Runciman, C., Ngwane, T., Moloto, B., Mokgele, K., & Staden, N. (2018). "Frequency and turmoil: South Africa's community protests 2005-2017." *South African Crime Quarterly*. Available: <https://doi.org/10.17159/2413-3108/2018/VON63A3057>; Bonga, W.G. (2021). "Impact of Repetitive Protests on Economic Development: A Case of South Africa." *Quest Journals' Journal of Research in Humanities and Social Science*, Vol. 9(8): 34-39, 2021, Available at SSRN: <https://ssrn.com/abstract=3903012>

35 See, for example, the case of TotalEnergies in Mozambique: Desai, P., Bennett, M., & Ohamadike, N., Dube, C. (2023). "Investing in inclusive governance yields dividends in Africa." GGA Intelligence Report. Available: <https://gga.org/investing-in-inclusive-governance-yields-dividends-in-africa/> and the case of Greater Kokstad local municipality in South Africa: Desai, P., Bennett, M., & Dube, C. (2022). The role of local governance in achieving political stability: A joint public-private effort towards sustainable development. GGA Intelligence Report. Available: <https://gga.org/the-role-of-local-governance-in-achieving-political-stability/>

36 March, H., & Ribera-Fumaz, R. (2016). "Smart contradictions: The politics of making Barcelona a self-sufficient city." *European Urban and Regional Studies*. 23, pp 816 - 830. Available: <https://doi.org/10.1177/0969776414554488>.

37 Zhang, D., Keat, T., & Gersberg, R. (2010). "A comparison of municipal solid waste management in Berlin and Singapore." *Waste management*. 30 (5), pp 921-933. <https://doi.org/10.1016/j.wasman.2009.11.017>.



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