

REPORT: PANEL DISCUSSION

Climate Change Adaptation, Green Economy and Entrepreneurship in South Africa

Friday 29th September 2017, Pretoria

BACKGROUND

The South African government and other stakeholders are committed to address climate change through a just transition towards an inclusive, environmentally sustainable and climate-resilient economy. This transition is embedded in national policy driving the greening of economic sectors to support skills development, decent jobs, energy and material efficient production, as well as significantly less waste, pollution and Greenhouse Gas emissions. Agriculture, energy, transportation and the built environment are the most active sectors, with notable initiatives in solar and bio-energy, non-motorised transport, spatial planning, and organic farming. Although water scarcity is a pressing issue in South Africa, only a small number of initiatives to date focus exclusively on water conservation, although some Green Economy “nexus” initiatives do address water as an input to other sectors. Partnerships and multi-stakeholder platforms that cut across an entire Green Economy value chain have proven valuable in supporting a low carbon economy pathway in South Africa.

PURPOSE OF THE PANEL DISCUSSION

The Government of Flanders with United Nations Environment brought together 38 experienced policy makers, practitioners and entrepreneurs to discuss the Green Economy and climate change adaptation landscape in South Africa. In particular, this half-day event explored opportunities for small, micro and medium enterprise (SMME) development. Discussions considered whether existing policies, regulatory frameworks and incentives have created an enabling or a constrained environment for entrepreneurship – and what can be done (better) to foster the growth of Green SMMEs. A copy of the attendance register is attached.

WELCOME ADDRESS

Ms. Geraldine Reymenants, the General Representative of the Government of Flanders in Pretoria, made welcome remarks. She noted that Flanders has a long history of cooperation in the Republic of South Africa and has initiated a new bi-lateral programme (2017-2021) to support South Africa’s transition to a more climate resilient country. This new programme builds upon Flanders-South



Africa previous cooperation, in particular in the field of eco- and social entrepreneurship. The Panel Discussion is intended to support continuous innovation by stimulating debate and cross-learning about concrete climate change and Green Economy action.

MODERATED PANEL DISCUSSION

The Panel Discussion was facilitated by **Ms. Cecilia Njenga** (Head, UN Environment-South Africa). Ms. Njenga thanked the Government of Flanders for hosting the Panel Discussion, which is a timely contribution to the national dialogue on climate change resilience and low carbon/Green Economy transitions. Ms. Njenga noted that a recent study by Partnership for Action on Green Economy (PAGE)¹ reveals that South Africa has ~36 Green Economy-related policies in place and that priority has been placed to date on agriculture (highest number of initiatives), followed by Green energy, transport and Green buildings. This robust policy framework coupled with high numbers and diversity of initiatives compels us to reflect on whether policy is translating into action – and if we are not satisfied with the answer, what can we do better? Although water scarcity is an immediate and ongoing challenge in the country, there are very few projects addressing this problem. Why is this and what opportunities do gaps like this present for SMMEs?

Ms. Njenga noted that the Trump administration has given further impetus to the Paris Agreement on Climate Change and Sustainable Development Goal (SDG) 11. European donors especially are rearranging their agendas to address the global challenge of climate change. The 17 SDGs are universally agreed by all UN Member States – with the mantra “leave no one behind”. This fundamental framework should inform the work discussed today. There is need to domesticate and localize the SDGs in all countries including South Africa, and to synergise SDG implementation with key national priorities. SMMEs are vital to the South African economy. They are nimble and can innovate and bring transformation across geographical areas and across sectors, provided entrepreneurs are provided with the right types of support. SMMEs are thus important players to build a Greener, more inclusive and more productive South Africa.

Ms. Njenga proceeded to introduce the Panel and asked each Panelist to make a brief introduction. **Prof Patrick Van Damme** highlighted the importance of mainstreaming and scale. He noted industrialization, built environment, mobility, waste, energy, and small scale urban agriculture as key sectors in the transition to a low carbon economy.

Dr. Jenitha Badul noted that Green Economy principles are not “new” – however times have changed: South Africa like many countries is characterised by high levels of urbanisation, population growth and an increasingly youthful society. South Africa is also unique given our history and the persistence of what is termed the “second economy.” Entrepreneurship (formal and informal sectors), technology, indigenous knowledge, a skilled workforce are all critical to growing the

Panelists

Dr. Jenitha Badul, Senior Policy Advisor: Green Programmes and Fund, Department of Environmental Affairs

Professor Patrick Van Damme, Faculty of Bioscience Engineering, University of Ghent

Mr. Rest Kanju, South Africa Country Coordinator, SEED Initiative

Mr. Mkululi Pakade, Kula Investment Group

¹ In 2015, South Africa joined the global programme, Partnership for Action on Green Economy (PAGE) to strengthen the cooperation, coordination and capabilities required to implement the country's transition to a low-carbon, resource-efficient and pro-employment development path. PAGE is a UN-programme bringing together five agencies – UN Environment, the International Labour Organization (ILO), the United Nations Development Programme (UNDP), the United Nations Industrial Development Organization (UNIDO) and the United Nations Institute for Training and Research (UNITAR). Visit: <https://www.environment.gov.za/projectsprogrammes/page>

economy. This must be managed within the scope of the resources we have and in a manner that safeguards these for future generations.

Mr. Mkululi Pakade shared his experience of doing business in rural South Africa, in particular establishing a community-based Macadamia farm in the Eastern Cape. He queried whether knowledge, debate and strategy on climate change and Green Economy actually drills down to the local level. Nice conferences are held in big cities, but are ideas and opportunities reaching the “beneficiaries”? Land tenure and access to markets, finance and other resources are major barriers for rural communities. Practical solutions that are achievable would include improved access to information, skills development, assistance with business modelling and other types of non-financial business development support.

Mr. Rest Kanju based his remarks on his personal experience growing up in a rural community in Limpopo Province, marked by poverty and profound alienation from nearby “wealth” linked to wildlife conservation and ecotourism. In his professional life, Mr. Kanju has endeavoured to understand how he can translate rhetoric about biodiversity conservation into tangible benefits to communities. Many of the businesses supported over the years by SEED operate in the biodiversity and business space. SEED believes that entrepreneurship should be driven by partnership models: The Green Economy initiatives. The Green Economy is by definition inclusive.



Ms. Njenga facilitated one additional round of questions to the Panel before opening discussion to the group.

Responding to the question of whether policies and programmes have tangibly contributed to measurable growth of eco/inclusive SMMEs, **Dr. Badul** acknowledged that this is an ongoing challenge. She noted that stronger focus on fiscal reforms and financial instruments (incentives, taxes) is planned to change behaviour and motivate action. She cited PAGE as an ideal platform to address policy and facilitate dialogue as well as the EU-funded Switch Africa Green initiative, which provides direct support to entrepreneurs based on an open call for proposals.

Next, **Professor Van Damme** reflected on the potential of agro-ecology as a viable option for sustainable and climate resilient agriculture in South Africa, and opportunity for the country to learn from counterparts in places like Flanders. He argued that in South Africa, agriculture has largest potential for transitioning to a Green Economy and for creating direct and indirect employment. There is evidence that ecological agriculture (agro-ecology) can grow as much food in quantity and quality as traditional commercial farming. Just because you are ecological however, doesn't mean you don't have problems that need solutions. Agro-ecology has to come up with solutions to its own challenges. Connecting to other sectors and sharing knowledge across borders is an important element of this process.

Ms. Njenga noted that compared to other provinces, the Eastern Cape has the fewest number of GE economy initiatives in the country. She asked Mr. Pakade to reflect on how climate change is affecting everyday life in the communities that he works in. **Mr. Pakade** responded that climate change can in fact create opportunities (e.g. the Eastern Cape is less affected by drought presently), however unlocking such opportunity is constrained by lack of awareness, knowledge and skills. In South Africa, the effects of climate change are amplified by the realities of the post-apartheid state. Long-term planning is a must – but we have so many other priorities. Coordination is a must – but local government budgets don't connect to climate change action. And so forth. In most rural areas, there is total absence of funding packages for entrepreneurs. The Macadamia project in the Eastern Cape was chosen because there is international demand and, through a process of capacity building and business development, communities are now participating in a commodity

export market. Proof of demand unlocked the opportunity. This has created sustainable jobs, brought new infrastructure and opened doors to other sectors like tourism. Mr. Pakade acknowledged that Macadamia trees need a lot of water, and that this is a factor that should be taken into consideration when any community or entrepreneur is contemplating a new agricultural business.

Mr. Kanju reflected on business models that have proved to be effective over SEED's decade of work in the eco- and social entrepreneurship space. He mentioned that in most communities, people enter the business environment for livelihoods, food security and income – and not for climate change action. The SEED initiative offers a staggered programme that targets different stages of business development with a focus on start-ups and small enterprises. Many youth coming directly from school are despondent about employment. There is a huge opportunity to infuse principles of Green Economy and climate resilience at an early age. However these topics are sometimes perceived as very “white” and “wealthy”. Areas that are of interest to youth include technology; integrated waste management; and agriculture – in some instances because of government incentives.

Prof. Van Damme added that regional hubs are a possible solution – platforms where all stakeholders can define problems and catalyse solutions. These hubs or platforms must be rooted in the local context and involve local businesses and business chambers, local government and civil society. He also emphasized the need to set up SMME incubators giving examples of projects undertaken to support farmers across Africa. Ms. Njenga asked delegates to consider this suggestion in their group work.

An open discussion followed. Some key points:

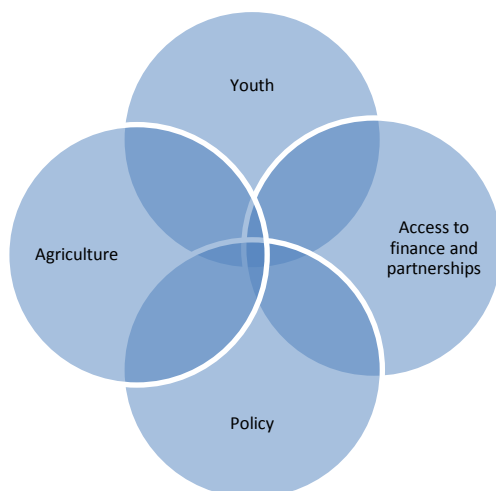
- There is great value to bring together a Panel like this with different perspectives.
- Education is key. A special focus on young people should be encouraged. Black school children are really keen on Green Economy and climate change. They understand. They want to learn, they want to do more.
- There is a huge gap between development finance and actual benefits on the ground. People who really need the resources are left out.
- Sustainable development needs to deliver on the ground: “We cannot eat policy.” Lack of implementation is the main problem. Policy-makers need capacity building and they need to be held accountable.
- Linked to this, there is a need to decentralize policy. One of the problems with the current policy regime is lack of transparency with funding, tendering, access to finance. Finance is not easily accessible for those who need it most. And businesses of all sizes and in all sectors are faced with too much red tape.
- Donor projects last 3-4 years, and then what? Many projects do not have effective exit strategies. Donors and implementing agents don't always understand the needs of entrepreneurs and markets. A value chain of action that starts with policy and ends in the market with SMEs being profitable is crucial. Equally crucial is to ensure that profitability is married with socially inclusive and environmentally sustainable principles and business practice. Many entrepreneurs don't care about carbon, or climate change – but this doesn't mean they can't contribute. We as development actors have to propose ways of production that are good for the planet and are also profitable.
- Two-thirds of new small businesses fail to survive for more than two years. What are we doing wrong? There was consensus in the group that access to markets (including pricing, quality, sales, routes to market) is a gap, along with access to finance. Banks are risk adverse and capital is expensive. Many new entrepreneurs are not skilled up in business acumen. Here incubators can play an important role for skills development and back end support.
- Regardless, SMMEs need to receive the right types of finance at the right moments in their life cycle. Too much money, too fast is a problem.
- Multi-stakeholder platforms are needed to move the SMME growth space to eco- and inclusive. SEED for instance has a relationship with DEA's “Working for Water” initiative. Many Working for Water

contractors have come through this temporary employment programme but they are not transitioning to stand on their own two feet as entrepreneurs. This is a huge untapped opportunity.

- It is challenging to work with SMMEs located in remote areas, but there is enormous need. We need a system or platform where a person with a good business case can be supported no matter where they live.
- Another challenge is that historically advantaged entrepreneurs who are able to invest in new products and services often are unable to find capable black partners. We need a way to get credible, black (young) people to be partners to mainstream business.
- Donors need a mind-set shift in terms of where to invest, and whom to invest in. Let's fund industries and not just projects. Bring communities into industries. Partnerships to be industry based.
- Investing in Research and Development (R&D) is a key success factor in any industry. In relation to the challenges of climate change and Green Economy transitions, R&D is conducted by multiple (public, private) actors and there is a need to build bridges between government, academia and business.

WORKING GROUPS

After a short break, participants were divided into four groups to discuss emerging issues on transitioning to a Green Economy and catalysing climate change action.



Highlights of Group 1: Agriculture

- Need for activities that benefit small holders directly- income, jobs and livelihoods
- Need also to engage large scale commercial farmers e.g. on resource efficiency (big impact)
- Multi-stakeholder platforms: farmers, associations, labour, civil society, government
- Need to find the right balance between organic and inorganic production
- Lobbyists are pushing different agendas (GMOs)

Highlights of Group 2: Youth

Two sets of questions were posed:

(1) What are youth interested in?

- Youth interests are shaped and developed through education and media
- Make it fun – awareness, debates, scholarships and extra-mural activities for Green Economy and climate action
- Get celebrities to be Green Economy/climate ambassadors

(2) What support programmes can be designed for youth?

- More education and awareness in media that youth have access to
- Start in schools – teaching and curriculum for Green entrepreneurship
- Technology
- Enterprise and Supplier Development (ESD) programmes by corporates should make space for both youth and Green
- Incentives targeted specifically at youth
- Intermediary organisation can provide a bridge between youth and government (e.g. NGOs, research institutions).

The group stressed that there is no point investing in any of the above activities without access to markets! We need to be creative. Why not, for example, require retail property developers to invest in youth-led ESD in the communities where shopping malls, office blocks and housing developments are located?

Highlights of Group 3: Policy

This group considered two elements of effective policy:

(1) Stakeholder engagement

- Often lack of consultation with rural (and other) communities
- A lot of “consultation” is merely rubber-stamping
- Top-down approach
- We need new ways to facilitate participation (role of technology?)
- Stakeholder participation should focus on “how to” – policy and action should run in parallel

(2) Enabling environment

- Policy cycle: (a) identify problem; (b) develop policy solution; (c) implement; (d) monitor and evaluate; (e) adjust.
- Policy prototyping: How does policy “fit” the people affected by policy
- Policy landscape is fragmented
 - Contradictions
 - Blockages
 - Power imbalances
 - Own interests and agendas

Group 4 Highlights: Access to Finance/Partnership

- Partnerships are an instrument to access finance – and partnerships have to be actively developed and managed: “engineered partnerships” – identify who can fill the gaps within the funding application and what mix of partners will reduce risk for the potential investor.
- There is a vast funding landscape in South Africa (public, private, DFIs) – many good case studies
- Need for coordination of investment criteria – multiple forms and requirements. Why not streamline?
- Criteria can also be narrowed in some instances to create space for emerging entrepreneurs.
- Governance is an important element of skills development – SMMEs need to understand ethics, anti-corruption, company law, good governance. Investors need assurances. Governance is part of due diligence.
- Lack of tenure and other collateral is a problem in rural communities.

Recommendations

The Moderator, Ms. Njenga, thanked everyone for their contributions to the group discussions and feedback to plenary. She noted that while many of the challenges remain the same, the discussion today has identified some potential new solutions. The following recommendations were captured:

In sum, for SMMEs to grow in a manner that improves climate change resilience and Green Economy transitions, there is a need for:

- Implementation – beyond “paper tigers”. There is often insufficient budget to implement. Pilots must be brought to scale.
- Improved coordination
- More streamlined access to finance
- Good governance models
- (Engineered) partnerships that speak to the business case at hand
- Civil society to play a stronger role to keep government and business accountable.

Way Forward

Ms. Njenga explained that after the workshop, the Government of Flanders and UN Environment will prepare and circulate a brief workshop report along with the list of participants. The latter is especially important to enable us to continue the discussion, make new connections and form the basis for new partnerships.

She senses an appetite for more engagement. We need more events that bring together researchers, practitioners, civil society, the private sector and government.

A follow up on women and youth in climate change would be useful.

A dialogue on “partnership’ is recommended.

Finally, a session on stakeholder engagement would be innovative – barriers, solutions, modalities. If consultation is currently lacking or ineffective, what new models are possible?

Closing Remarks

The panel discussion came to a close with remarks from the Deputy General Representative of the Flanders, Ms. Katrien Vandepfadutse. She thanked all the delegates for their participation and noted that all inputs received are very useful and relevant in furthering the Green Economy, promoting climate resilience and activating entrepreneurship. The Flanders new programme on Climate Change and Green Economy is not yet fully shaped – it is growing organically. Thus, today’s event (and hopefully, more like it) gives Flanders a chance to listen and to incorporate some innovative and interesting ideas into its programming. Flanders is a flexible development partner and believes in wide consultation.



LIST OF DELEGATES			
NAME	ORGANISATION	TELEPHONE	EMAIL
Mr. Kwame Ababio	NEPAD	083 252 1302	kwamea@nepad.org
Ms. Lidia Afonso Gallego	EU Delegation	071 450 2352	Lidia.Afonso-Gallegos@eeas.europa.eu
Dr. Mao Amis	African Centre for a Green Economy	021 713 4390	mao@africancentre.org
Dr. Jenitha Badul	DEA	012 399 9272	jbadul@environment.gov.za
Mr. Oz Bantu	Grounded Partners	061 456 1157	oz@groundedpartners.co.za
Ms. Sophia Birchinger	Embassy of Germany	-	pol-hosp1@pret.auswaertiges-amt.de
Ms. Kgaugelo Chiloane	WWF	076 356 3931	kchiloane@wwf.org.za
Ms. Bertha Chiroro	Gender CC SA	012 713 4050	bertha@gendercc.org.za
Ms. Dessislava Choumelova	EU Delegation	079 875 3240	dessislava.choumelova@eeas.europa.eu
Ms. Maite Cluydts	LifeCo	079 174 1458	impact@lcu-sa.com
Ms. Emmy Di Rito	LifeCo	082 453 1593	emmyd@lcu-sa.com
Ms. Noelle Garcin	African Climate Reality Project	079 837 3117	Noelle.Garcin.za@climatereality.com
Ms. Janice Morén Golding	UNDP	082 745 5844	janice.golding@undp.org
Mr. Konrad Gürtler	IASS	-	Konrad.Guertler@iass-potsdam.de
Mr. Rest Kanju	SEED	072 878 4081	rest.kanju@seed.uno
Ms. Alison Kelly	TRIAS	010 035 2279	alison.kelly@trias.ngo
Ms. Vivian Kgaphola	SEED	079 340 9548	southafrica@seed.uno
Ms. Cecilia Kinuthia-Njenga	UNEP	073 180 8730	Cecilia.Njenga@unep.org
Mr. Remi Mahonde	IDC	011 269 3000	remigiom@idc.co.za
Mr. Sibusiso Manzini	GreenMatter	081 439 0957	sibusiso@greenmatter.co.za

Mr Maxwell Mapako	CSIR	012 841 4519	mmapako@csir.co.za
Mr. Sihle Mlambo	Alexandra Chamber of Commerce	062 167 0529	n.pitso@galxcoc.com
Mr. Mxolisi Mngomezulu	Alexandra Chamber of Commerce	011 440 7887	n.pitso@galxcoc.com
Ms. Najma Mohamed	ILO	082 884 8110	mohamedn@ilo.org
Ms Gracia Munganga	The Innovation Hub	012 844 0013	gmunganga@theinnovationhub.com
Ms. Michelle Nadison	Flanders	012 460 0781	Michelle.Nadison@flanders.org.za
Ms. Samantha Ngcolomba	GIBS	011 771 4274	NgcolombaS@gibs.co.za
Ms Palesa Nhlapo	Hogan Lovells	073 227 5598	Palesa.nhlapo@hoganlovells.com
Mr. Chris Nwafor	ICCO	073 492 6540	e.kovandzhiyski@icco-cooperation.org
Mr. Mkululi Pakade	East Cape Macadamia	043 727 0094	mkululip@kula.co.za
Ms. Candice Pillay	Hogan Lovells	082 497 3060	candice.pillay@hoganlovells.com
Mr. Jonathan Ramayia	GIZ	071 640 3389	jonathan.ramayia@giz.de
Dr. Geraldine Reymenants	Flanders	012 460 0781	Geraldine.Reymenants@flanders.org.za
Ms. Yemi Sanni	UN Environment	076 054 4198	Yemi.Sanni@unep.org / oppysan@gmail.com
Ms. Jennifer Seif	Fetola – SMME growth professionals	084 581 1086	jseif@fetola.co.za
Ms. Nadia Shah	GIZ	012 234 7931	nadia.shah@giz.de
Dr. Harry Swart	Grounded Partners	083 544 7818	harry@groundedpartners.co.za
Ms. Regina Treutwein	SEED	064 767 0661	regina.treutwein@seed.uno
Mr Melesizwe Tyso	NALEDI	011 403 2122	sizwe@naledi.org.za
Prof. Patrick Van Damme	University of Ghent	-	Patrick.VanDamme@UGent.be
Ms. Lisa Van Eck	ANDE	071 348 8709	Lisa.vanEck@aspeninstitute.org
Ms. Katrien Vandepladutse	Flanders	012 460 0781	Katrien.Vandepladutse@flanders.org.za