Greening of the economy to spur job creation

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For immediate release

The greening of the South African economy has the potential to create more than 460 000 new direct jobs by 2025, according to the Green Jobs report released earlier today by the IDC, DBSA and TIPS.

Speaking at the launch, Minister of Economic Development, Ebrahim Patel, emphasised the green economy’s importance as a lever to grow local industrial capacity and create sustainable jobs. The greening of an economy can present substantial opportunities for the creation of sustainable employment through the introduction of new activities in the primary, secondary and tertiary sectors. “The experience of several advanced and emerging countries that have been adopting green initiatives point toward an extraordinary opportunity for South Africa as it pursues a job-rich new growth path.”

“As a considerable emitter of greenhouse gases, South Africa faces the challenge of transitioning to a less carbon-intensive growth trajectory without delay. In short, our challenge is to use less carbons and more people in our economic growth. This is what we mean by a new growth path,” remarked Patel.

Welcoming the delegates, IDC board chairman, Monhla Hlahla, said “The launch of the Green Jobs report is happening barely a week before the official opening of the Cop 17 conference in Durban, demonstrating our country’s commitment towards sustainable economic and social development”.

Head of IDC’s research and information department and co-author of the report, Jorge Maia, said that a greening economy should result in considerable expansions of productive capacity and service delivery across a wide spectrum of economic sectors. “This should be progressively supported by investment activity and result in considerable employment creation”.

“A growing green economy should translate into opportunities for localisation, either through the increased utilisation of existing production capabilities, or the establishment of new capacity,” stated Maia.
“The momentum provided by the greening of an economy is being increasingly exploited in countries such as the United States of America, the United Kingdom, China and Brazil, among many others, especially in light of the employment challenges faced at national level,” said Maia.

The DBSA’s divisional executive of strategic operations, David Jarvis, said that given South Africa’s 25% unemployment rate, the potential for greater participation by local companies in the greening of the economy should be taken advantage of to the fullest possible extent, from construction opportunities to operations and maintenance as well as manufacturing.

“The green economy is complex, extremely diverse, relatively new and fast evolving in many developed and emerging economies. South Africa will be dealing with the progressive and simultaneous introduction of technologies that are being improved, developed or commercialised. The economic merit of many of these technologies may only be fully established in years to come, opening up opportunities for the establishment of infant industries over time, but placing a requirement on countries to invest now to realise any first-mover advantages,” said Jarvis.

The DBSA’s group executive for development planning, Ravi Naidoo, emphasised the role of integrated planning and infrastructure prioritisation in assisting with making the right choices if South Africa is to make a successful transition to a green economy. Naidoo emphasised that “South Africa needs to ensure that the decisions we make today do not lock us into an unsustainable development path. We also need to build on the comparative advantages that South Africa enjoys.”

The green economy and associated industries present a multitude of opportunities for the involvement and catalytic intervention of South Africa’s development finance institutions, stated IDC chief executive officer Geoffrey Qhena. “We are assisting in proving the potential of innovative technologies, new markets and initiatives within the green arena, gradually crowding-in other economic agents, including commercial financiers,” said Qhena. “Our green economy interventions will contribute to accelerating and sustaining the economic growth momentum in a more labour-absorbing, value-adding and environmentally sustainable manner,” remarked Qhena.

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Notes to editors:
The IDC/DBSA/TIPS Green Jobs report estimates the creation of nearly 98 000 new direct jobs, on average, in the short term, almost 255 000 in the medium term and more than 462 000 employment opportunities in the formal economy in the long term.

The research team focused on the following four broad types of activities, which in turn encompass 26 green technologies or segments:

- **Energy generation**, which pertains to the generation of energy from sustainable, renewable and/or alternative sources with low or no carbon emissions;

- **Energy and resource efficiency**, which captures, among others, initiatives aimed at reducing energy consumption through green buildings, solar water heaters, industrial equipment and public transportation;

- **Emissions and pollution mitigation**, which relates to the utilisation of technologies aimed at reducing the harmful emissions associated with highly polluting industries, including air pollution control, electric vehicles, cleaner stoves, recycling, carbon capture and storage and water treatment; and

- **Natural resource management**, which covers the sustainable management and restoration of natural resources, specifically water, soil and land, as well as the conservation and restoration of ecosystems.

Energy generation is expected to become an increasingly important contributor to green job creation over time as projects are constructed or commissioned. Energy and resource efficiency initiatives are anticipated to deliver significant employment gains in the short- and medium term, with the momentum sustained in the longer run. Emission and pollution mitigation activities, although less labour-absorbing, are extremely important from an environmental
sustainability standpoint. The largest contributions to job creation are likely to be associated with the critical management of South Africa’s rich natural resource endowment. In this regard, initiatives aimed at restoring and/or safeguarding sensitive ecosystems are likely to yield further dividends in the form of inputs for downstream economic opportunities.