

INDC Focus Group Discussion – 16 February 2016

The Paris Outcome marked a turning point in building a global low carbon economy through nationally determined activities. While the Paris Agreement on climate change is global in nature, its delivery is premised on national action. The so-called (Intended) Nationally Determined Contributions (NDCs) underpin the Paris Agreement, providing a common framework that commits all countries to put forward their best efforts and to strengthen these in the years ahead. Analysis highlights that that the global deal is achievable **only through decisive national action**. Much hinges on how countries and industries implement both the action required now and ratchet up ambition in the medium- to long-term. While there is little doubt that such action represents a revised mode of 'business-as-usual', this still needs to be shaped and there are many actors involved in defining what will become the 'new normal'.

Cities and local authorities are a central key group of actors, crucial in shaping the 'new normal'. The adoption of the NDCs as a basis for implementing the global Paris Agreement places the responsibility for its delivery squarely on the shoulders of national-level government. Since cities own so many of the services and assets that do or can contribute to successful delivery of domestic mitigation and adaptation targets, they have a critical role to play in enabling national sustainable development prerogatives. Sustainable energy delivery, energy efficiency and water management programmes are among the examples where potential contributions can be made at local municipality level.

How to optimise the contribution of South African cities to the country's INDC is thus a growing topic on the national climate action agenda. A series of focus group discussions and workshops is in progress, commenced in November 2015 ahead of COP21. This report captures discussions at the most recent Focus group Discussion (FGD), held on Tuesday 16th February 2016 at the Department of Environmental Affairs (DEA) offices in Pretoria. Convened by OneWorld Sustainable Investments (OneWorld), the FGD was facilitated by Brian Mantlana (DEA). The purpose was twofold: i) to evaluate the potential contribution of South African cities to realising the adaptation and mitigation objectives outlined in South Africa's Intended Nationally Determined Contribution (INDC) to the UN Framework Convention for Climate Change (UNFCCC); and ii) to consider means of enabling this contribution.

To date, the discussion series has been financed under the German Government funded 'Vertical integration and learning for Low-Emission Development (V-LED) in Africa and Southeast Asia' project.

Specifically, this FGD considered two key questions:

- **How can city action be accelerated to enhance local economic development while achieving national climate objectives?**
- **What are the opportunities within the existing regulatory framework to do so?**

The meeting discussed these questions with the outcomes of COP21 and the Paris Agreement in mind. The participants included representatives from national and local policy, governance, planning, research and business sectors, with a view to creating a platform for national, provincial and local government, academia, business and civil society to come together to discuss the challenges and opportunities of implementing the INDC with cities as key contributors and stakeholders. The mandate of cities to deliver basic services *vis-à-vis* South Africa's climate change response needs (both for adaptation and mitigation measures) and contribution to global ambition is a central consideration.

Municipalities operate at the community interface in terms of national climate implementation, but are constrained by finance and regulation in delivery. They are responsible for local economic development, while delivering reliable water, energy and service supply, maintaining and building infrastructure, fulfilling urban design requirements, and executing sectoral planning mandates. In light of COP21 developments, municipalities take cognisance of both the international and national political realities – while the Paris agreement is global in nature, delivery is premised on decisive national action, through Nationally Determined Contributions (NDCs).

Six main outcomes arose from the FGD:

- **Listening to cities:** the core functions of cities include urban, transport and infrastructure planning which impact on national energy and water profiles. It is important to consider what 'motivates' cities in implementation of national level policy. The Department of Environmental Affairs (DEA) voiced their commitment to work closer with cities, but have not yet implemented a functional manner of doing so. It is recognised within municipalities that opportunities for support from national/provincial government should respond to key challenges and pressures faced by municipalities within the regulatory framework. There is noticeable will and intent across all levels and sectors within the governance structure, but the question remains how to unlock the potential and foster local development opportunities.
- **Coordination – using existing programmes at municipal level as entry points for integrated climate responses:** Cities need to be able to respond to both mitigation (transport, energy and water delivery) and adaptation (climate change impacts on resources and livelihoods) needs at a local level. The entry point for national government in climate policy is not necessarily emissions reduction, but rather sustainable development. In this way, the entry points between national and local level governance are not always aligned, and the roles and spheres of responsibilities are not articulated well. The governing framework affects the projects which are ultimately implemented according to the needs and priorities of different municipalities. The need to take advantage of existing structures and strategies in place is obvious, however, the critical issues around resources and capacity remains a limitation. Issues need to be addressed in a holistic manner – for example, electricity provision may be seen as a priority, especially in light of the current energy crisis, and something to be addressed in isolation due to potential revenue implications (loss/gain). However, sectoral issues at local level governance



need to be addressed as part of urban infrastructure and service delivery mandates in order to take advantage of other avenues for socio-economic development. Cities should take the lead in terms of accountability and ownership, and secondary cities can learn from metros. The focus should be on how the climate governance structure works in a manner that allows different levels of government to work together in order to gain access to finance, skilling, technology and partnerships in a cross-sectoral manner.

- **Finance – the missing link:** Municipalities are often ‘asset-orientated’ rather than service delivery orientated, meaning that the full downstream (environmental) cost of assets which are used to enhance service delivery in the short-term is not always considered. Life cycle costing needs to be included in sectoral planning at municipal level in order to shift the focus and accelerate local development initiatives. Part of the solution in implementation lies in the manner in which municipalities are financed, the fiscal arrangements and how revenue is generated. The example of Amatholo and Nelson Mandela Bay’s electricity wheeling agreement is a case in point.
- **The role of municipal ‘champions’ in driving acceleration of city-level action:** The citizens of a city and their needs for social and economic opportunities are fundamentally important considerations for civil service. The opportunities that have the highest social economic development opportunity are often those that have the highest value proposition (e.g. the potential of bio-plastics vs. electricity from waste, or the growing urbanization rate which can be used as an opportunity to foster industry). Within the current regulatory framework there is only so much room for municipalities to maneuver; however, cities function as part of a whole and are willing and actively operating in the spheres where regulation may be silent. The case of Amathola works precisely because of champions in the municipality who are driving activities ahead of provincial and national level governance structures, generating opportunities for local business and creating employment opportunities while delivering revenue for municipal operations.
- **Skilling – building institutional and human capacity:** The INDC process is a dynamic one, moving from a system of analyzing potential opportunities towards the actual implementation of projects. The only way that cities can accelerate such development is through skills and capacity (financial and human) and by understanding the specific priorities per municipality, building on what is already occurring at a local level and leveraging opportunities from this. The REIPPP Program is an example of a working framework that has brought in skills and ‘big’ investment – and provides a possible area for expansion to municipalities within its structure. Another example are the possibilities that arise from the Industrial Development Zones (IDZs) around the country. What is key is to not lose sight of climate change policies that bring relevant stakeholders together, the primary adaptation and mitigation priorities, the interventions related to cross-sectoral economic development, and the provision of resources (funds, technology and capacity) that link to prioritised water, energy and sewerage service delivery mandates.



Summary of key outcomes:

- A consolidated platform for stakeholders to work together and discuss current and future projects, learn lessons from each other, and avoid duplicating work or projects is necessary.
- It is crucial for cities to take the lead in integrating climate responses into service delivery mandates and building capacity at the municipal level. Concentrated and steady interventions are likely to be significantly more cost effective than reactive, unplanned for measures coupled with heightened losses resulting from a sudden climate event.
- Local buy-in and entrepreneurship is crucial for growing development opportunities – the key issues which impede such processes need to be examined and an enabling environment that draws in climate finance needs to be created. National level government plays a critical role in assessing such issues and influencing political shifts towards the creation of open and competitive market opportunities that municipalities can take advantage of, and which involve both civil society and the private sector.
- While involving cities may be an ideological approach in driving change, it is important to consider how to practically operationalize civil action or create socio-economic opportunities at a local level. Action can both be initiated and supported by a city and its communities/people.
- In building human and institutional capacity, a primary objective is to enhance abilities, technologies and/or partnerships within municipalities prior to directing funding towards adaptation or mitigation targets.

List of Participants

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