

Energy policy without much capability

Africa is lazy in producing reliable data on which decisions could be taken - what is holding the continent back? We are poor at implementation



Analysis

EDWIN NAIDOO

GLOBAL and African energy experts gathered in Sandton last week while the national electricity provider Eskom again struggled to keep the lights on in South Africa.

Load shedding, which has been a constant occurrence throughout parts of the country since the festive season, proved a fitting backdrop to the illuminating energy indaba, which explored the key challenges facing South Africa and the continent.

Eskom is not alone in its trials and tribulations and far from criticism, delegates laid the blame at the government's doorstep for dithering in 2008 over its future energy strategy, while praising the national electricity provider for increasing the amount of electricity it provides.

The experts assembled under the banner of the World Energy Council (WEC), a global network of more than 3000 members in 90 countries, to discuss challenges and solutions and unveil its energy findings for the past year and the outlook for 2015.

Distributed at the gathering was the WEC's Energy Trilemma Index, a comparative ranking of 129 countries, which benchmarks the sustainability of their energy systems.

Unsurprisingly, South Africa does not fare favourably in the report, dropping four places to 83 in the overall index rankings in which Switzerland, Sweden, UK and Denmark were among the best performers.

South Africa's better energy security and energy equity rankings come at the high price of its poor performance on the environmental sustainability dimension but it ranked 129th in respect of energy impact on the economy.

This is due to the almost sole reliance on coal for electricity generation, extremely high emissions rates, and a slow development of renewable energy sources, despite bountiful natural endowments of sun and wind potential.

The report says that in terms of energy security, South Africa's strongest dimension, performance, remains stable and average as a result of a homogenous electricity mix that relies heavily on coal. Energy equity is low in South Africa, as fuel and electricity prices become more expensive.

Most recently, independent power producers are being allowed into the electricity sector using renewable technologies. Once these are operational, the energy security and environmental performance dimensions will show an improvement.

The report says there is still much to be done in terms of providing energy to rural communities, however, the emphasis was not solely on South Africa. The 2015 Issues Monitor for the region shows that Africa's economy is successfully weathering the global recession and is taking tentative steps towards more sustained growth.

The report adds that there was an upbeat



TWO WORLDS: Delegates to a Johannesburg energy indaba have laid the blame for South Africa's power troubles at the door of the government for dithering in 2008 over its future energy strategy. Above, jobless workers wait for a weekly load of free coal from a nearby mine

trend because of the US's growing interest in Africa, scaling up the Power Africa Initiative, and endorsing a series of public-private partnership deals to boost trade and investment.

Furthermore, Africa's potential and prospects for further oil and gas discoveries remain largely positive and can offer huge opportunities.

Speakers at the panel discussions during the two-day indaba also echoed similar views, admitting that Africa was off the pace in terms of energy provision and also questioning whether African governments' energy policies adequately provides incentives for investors.

World Energy Council chairperson Marie-José Nadeau said an increasing number of countries recognised the need to transform their energy sectors. "Each country and region faces its own unique set of challenges.

"Furthermore, it is difficult to draw parallels between mature energy markets in the developed world that want to expand capacity of low and zero-carbon emission technologies, and energy markets in less developed countries that are looking at how to provide for their basic energy needs," he said.

Secretary-general of the World Energy Council Dr Christoph Frei said its latest World Energy Issues Monitor shows energy price volatility and climate framework uncertainty high on the global agenda.

Referring to South Africa's challenges, Frei said while the country's leadership understood the potential impact that unconventional gas could have on the economy but there remains uncertainty with the Minerals Bill.

Panelist Arthur Henna, senior managing director in charge of strategy at Accenture, said it was clear from the World Energy Trilemma report that the African continent is way behind where it should be and it should be asked what is holding the continent back.

Bonang Mohale, chairperson and vice-president of Shell South Africa, said the lack of information was a self-inflicted injury holding Africa back. "Africa is lazy in producing reliable data on which decisions can be taken.

"We produce policy without much capability, without doing what we say we will. We are poor at implementation," he added.

Another major headache is the shortage of qualified professionals in the energy sector with the council's global report, World Energy Trilemma 2014, saying that the competition for talent in the energy sector was intense.

The report forecast that the oil and gas industry expects to add more than 530 000 positions in core professional and technical jobs over the next five years and more than 1.1 million positions over the next 10 years.

"More than half of the world's largest oil and gas producing countries will not have

KEY POINTS

- » Load shedding, which has been a constant occurrence throughout parts of the country since the festive season, proved a fitting backdrop to the illuminating energy indaba
- » The experts assembled under the banner of the World Energy Council, a global network of more than 3000 members in 90 countries
- » Distributed at the gathering was the WEC's Energy Trilemma Index, a comparative ranking of 129 countries
- » The report says that in terms of energy security, South Africa's strongest dimension, performance, remains stable and average as a result of a homogenous electricity mix that relies heavily on coal
- » Energy equity is low in South Africa, as fuel and electricity prices become more expensive

an adequate supply of talent to meet this demand," the report said.

The capacity gaps exist on the policy maker side as well as the private sector. For example, policy makers and regulators need to understand how to set out clear regulations and pricing regimes to attract the private sector. Looking at the talent gaps, there is also

a real shortage of project developers. The number of international project developers has been reduced, as leading international energy companies have pulled back from those activities over the past decade.

One of the eagerly awaited outcomes from the conference was the announcement that the African continent will get its own continent-based scenario of the energy sector later in the year.

Karl Rose, the World Energy Council's senior director for policy and scenarios, said the council would be launching its first African scenarios of all sub-Saharan states at a conference in Addis Ababa, Ethiopia at a date to be determined in October/November.

"For me the key to Africa making more progress is management of skills, which is currently in a volatile and uncertain space. "African leaders need to be able to deal with the risk and many are looking to us for guidance and solutions," he said.

Rose said regional cooperation remains a major issue but Africa needs to build capacity in terms of skills and stay focused on the task at hand. "It is the politics that stops Africa making progress," he said.

"Governments appreciate what we do because we have no political agenda. Our agenda is focused on energy," he said. *Edwin Naidoo is a writer and commentator*

Giving youth hungry for education a second chance



Analysis

YERSHEN PILLAY

LET'S take a minute, set aside all the political rhetoric and consider the fact that many young South Africans do not have a national senior certificate.

Last year 532 860 full-time candidates registered to write their National Senior Certificate examinations and 128 986 failed. Many of these young people will never again find their way back into the education system without some kind of support. It is precisely because of this that the National Youth Development Agency (NYDA) has prioritised second-chance opportunities for youth.

Education is the cornerstone of youth employment and ensuring that young people are educated and skilled is of prime concern for the state and society in general.

The NYDA has partnered with the ETDP (Education Training and Development Practices) Seta to roll out a second-chance matric rewrite programme for those who deserve another chance to obtain their National Senior Certificate. The annual Second Chance Matric Rewrite Programme enables those who have failed their National Senior Certificate exams the opportunity to re-enrol, receive free tuition and then rewrite their exams with the necessary preparation and support.

The response to the 2015 second-chance programme has been overwhelming, so much so that the deadline for applications had to be extended to March 6. This leeway has been granted to allow for the targeted numbers to be appropriately spread out among the relevant districts nationally.

In Gauteng, for example, the provincial target for the 2015 intake is 290 candidates, however a total of 511 young people applied.

In KwaZulu-Natal the provincial target is 620 candidates, 630 applied in Durban alone while only 27 applications were received in Uthungulu.

While this is a learning curve to creatively focus our information-sharing and marketing



IDLE HANDS: With youth unemployment at 36.1% it is important they be given a chance at getting gainful employment by improving their education even after failing matric at the first attempt, the writer says. PICTURE: HERBERT MATIMBA

campaigns away from major cities, it shows the growing demand for such products and services. Youth are hungry for second-chance opportunities.

Young people understand the fundamental importance of education and skills development. The fact that hundreds of matrics who passed their NSC exams are appealing for an opportunity to join the second chance programme in order to improve their marks is an illustration of this hunger for education displayed by South African youth.

Likewise, thousands of applications were received for the NYDA Solomon Mahlangu Scholarship Fund. Unfortunately, the NYDA's budget only allows for 150 scholarships to be

awarded for 2015.

Young people understand that without education and skills they cannot begin to pursue employment nor can they really explore entrepreneurship as a viable career option.

The Department of Higher Education and Training (DHET) also recognises the need to equip young people with practical knowledge and expertise, that is why it has set aside more than R1bn in funding to train artisans. In fact, the DHET has undertaken to equip 19 000 artisans with skills by March 31, 2015.

According to Statistics South Africa, young people constitute 41.2% of the country's population while the South African Labour Force Survey for June 2014 indicates that 36.1% of

young people are unemployed. No silver bullet approach in the form of a youth wage subsidy will make a scratch on this picture, let alone a dent.

No company will hire a young person who does not possess the requisite qualifications, skills or experience. What we need is a multi-pronged approach to youth development, and the National Youth Policy for 2015-2019, which is currently in its draft phase, represents just that.

For those who question the impact of the new national youth policy, the NYDA's second-chance programme is but one initiative that was in fact endorsed for mass implementation by this policy framework.

KEY POINTS

- » Let's take a minute, set aside all the political rhetoric and consider the fact that many young South Africans do not have a national senior certificate.
- » Last year 532860 full time candidates registered to write their National Senior Certificate examinations and 128986 failed
- » Many of these young people will never again find their way back into the education system without some kind of support
- » It is precisely because of this that the National Youth Development Agency has prioritised second-chance opportunities for youth
- » Education is the cornerstone of youth employment and ensuring that young people are educated and skilled is of prime concern for the state and society in general

Through the upscaling of such second-chance programmes young South Africans will be integrated back into the education system to ensure they receive a second chance at being adequately qualified before entering the job market.

Research suggests that 38% of those with matric as their highest qualification are unemployed while 54% of those with an education level less than matric are unemployed. Thus the higher your qualification the less likely you are to be unemployed.

We can only salute the minister of finance for acknowledging the importance of education and skills development by increasing the education budget to R265.7bn in his recent budget speech.

More resources need to be allocated to education and skills development as opposed to a youth wage subsidy. This, combined with the intensification of efforts at entrepreneurship education in schools, will create a generation of job creators and not simply job seekers.

We must do what we can to keep the youth in the education system, and second-chance programmes strives to do just that. *Yershen Pillay is executive chairperson of the National Youth Development Agency*