

# **FUTURE ENERGY POLICY IN SOUTHERN AFRICA:** What Role for Trade Unions?

By Ivan Mbirimi



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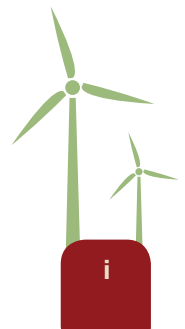
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# PREFACE

The Southern African Energy Network (SAEN) is a network of more than ten trade unions in the energy sector in Southern Africa. One of SAEN's objectives is to ensure that trade unions in the energy sector are able to influence the energy policy framework within the Southern African Development Community (SADC) region. Towards this end, SAEN is calling for participation within the relevant SADC structures dealing with energy policy. To play a broader role based on the representation of the interests of energy workers and those of the broader working class constituencies, SAEN has recognised the importance of research to deepen the understanding of the energy landscape of SADC. SAEN further lays emphasis on co-operation with other trade union and civil society movements to create a stronger base for engagement with the energy policies of SADC.

The FES Trade Union Competence Centre (TUCC) is happy to work with SAEN in advancing the interests of energy workers in the SADC region, and in commissioning the research for the compilation of this discussion paper. The paper was developed by Ivan Mbirimi, an Independent Economic Researcher and Consultant. The FES TUCC wishes to thank Ivan Mbirimi for the production of the discussion paper, which will certainly serve as a valuable resource and contribute to discussion and debate around the energy framework that promotes sustainable, affordable and accessible energy for all the peoples of Southern Africa.

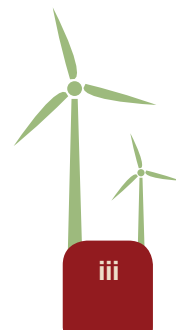
Bastian Schulz, Director, FES TUCC  
Johannesburg, September 2017





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## FOREWORD:

The climate changes long predicted by scientists are undeniably bringing extreme weather conditions, including droughts and floods, which impact all in Southern Africa. These climate changes have adversely affected the already insufficient energy supply in Southern Africa. An energy crisis has been building over the past decade in the region, characterised by rising prices and rolling blackouts, which governments have failed to address. Furthermore, too many people do not have access to power at all and their quality of life and prospects are severely compromised as a result.



Currently most of our energy comes from fossil fuels, i.e. coal, which has a downside in greenhouse gas emissions. The move globally towards renewable energy – hydropower, solar, wind and bio-energy – means going through a period of transition to low carbon economies. Such energy systems will have zero emissions and will not harm the environment.

Renewable energy is actually good news for marginalised communities – especially the rural and urban poor - because it is deployable on a small scale. Trade Unions should play their rightful role in this move towards renewable energy. It offers a way of reducing ‘energy poverty’ and addressing inequalities which historically have widened due to globalisation and misuse of power.

An exciting **window of opportunity** currently exists for trade unions to enter the debate and help shape our future energy policies for the benefit of all. If they embrace instead of resisting these inevitable changes, they can:

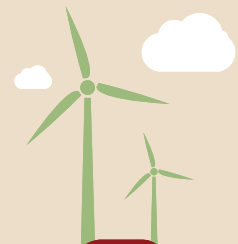
- strengthen their technical capacity and expertise on key energy issues
- broaden their agenda to include developmental issues



- broaden their mandate beyond that of their members
- break the monopoly of the 'actor-networks' in the energy sector
- increase political will to implement renewable energy policies
- influence those policies through direct involvement in policy formulation
- help develop an integrated energy plan for all the peoples of Southern Africa
- assist in establishing effective regulatory systems
- help the region 'leapfrog' to smart technologies that will primarily benefit the poor as well as their members
- upskill members to take advantage of the transition to renewable energy
- become involved in clean energy distribution through co-operatives and ownership
- move towards standardisation and local manufacture of components needed for renewable energy.

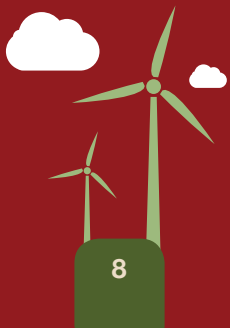
Southern Africa possesses two significant advantages in moving towards renewable energy – an abundance of unexploited and virtually inexhaustible resources, as well as being able to start with a relatively clean slate. Trade unions have a golden opportunity right now to get past the politicking of the past to leverage these priceless advantages and thus render a great service to all citizens of the region. The production of this work is a step in the right direction and should be followed through with greater zeal and action by the Trade Unions in Southern Africa.

Joseph Mweneva Kamwendo  
Chairperson of SAEN



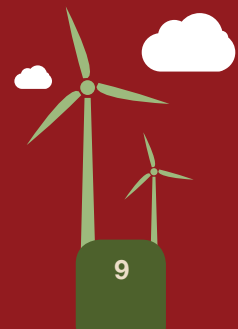
# KEY MESSAGES

- **The global energy sector is faced with a number of challenges**, which include climate change, increasing energy prices, energy security and efficiency. These in turn will change the way energy is produced, delivered and used, since the energy systems of the future must produce and distribute electricity that is reliable, affordable and clean.
- For **Southern Africa**, the most pressing of these challenges are **climate change** and **energy poverty**. Energy poverty means that low-income rural communities and the unemployed in urban areas do not have access to power, even when they are within the electric grid.
- Addressing energy poverty will mean:
  - expanding the national grid into rural areas,
  - broadening energy sources; and
  - making electricity more affordable for the poor.
- Addressing climate change means moving towards **smarter electricity grids** (which combine renewable technologies like solar and wind power) and unite power generators and electricity consumers, as well as **effective regulatory systems**.





- Countries need to develop **integrated energy plans**, like the one South Africa adopted in 2011. Such plans create a road map for expanding energy supply as well as positive change in how electricity is generated.
- Climate change and the current energy crisis in the region present a **window of opportunity** to review and redesign policies to make them more effective.
- Key policy decisions and outcomes are often decided by those in power without broad-based consultation. Therefore **policy processes need to be strengthened** by making them more inclusive and transparent as well as responsive to the needs of the population.
- Trade unions should see the energy crisis and climate change as **creating space for positive policy change**. The most effective way for trade unions to increase their policy-shaping influence is to understand the issues identified as driving change in the energy sector.



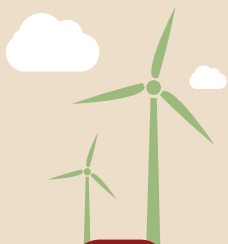


## INTRODUCTION

Energy systems across the world are changing significantly. Challenges such as climate change, escalating energy prices, energy security, energy efficiency and energy poverty are combining to drive fundamental changes in the way energy is produced, delivered and used. Many countries wish to increase the share of renewable energy in their energy mix, because it is understood that the energy systems of the future must produce and distribute electricity that is reliable, affordable and clean.



Broadly speaking, these developments involve transforming the global energy system towards zero carbon emissions during the 21st century. In practice this means incorporating an increasing amount of clean, renewable energy supply and a higher number of energy providers into the distribution grid, as well as comprehensive reforms in policy processes.







## BACKGROUND

It is more than 10 years since the energy crisis in Southern Africa began gathering momentum. Even ordinary citizens have become aware that governments are ill-equipped to handle the complex challenges that must be addressed in order to create sustainable energy systems. Policy-makers need to understand why current policy processes are failing, and work towards adopting more responsive policies that are also more inclusive and transparent.



It is obvious that there are major weaknesses in the policy-making process:

- Most policies appear to be in reaction or response to the current power crisis; alternative future energy supplies have not been considered adequately.
- The policy-making arena has traditionally been the territory of powerful 'actors' - politicians, investors and technocrats. Thus state-owned utilities, international financial institutions and external donors have been the key players in shaping energy policy in most countries in the region.
- Policy-making is imbalanced, elitist and excludes important groups, such as trade unions and consumers.



The report (on which this booklet is based) was commissioned to draw attention to issues arising from the above-mentioned and the changing global energy landscape<sup>1</sup>. Key arguments in the paper highlight the need to:

- Understand the nature of the energy policy challenge facing Southern Africa and correctly frame responses to it;
- Develop more inclusive and transparent policy processes by broadening participation therein;
- Recognise opportunities created by climate change and the ongoing energy crisis; and
- Acquire expertise and strengthen technical capacities on issues which are central to developing future energy policy.



1. This booklet is based on a longer paper commissioned by the Friedrich Ebert Stiftung Trade Union Competence Centre (TUCC) in 2016, titled Towards an Effective Energy Policy Framework for Southern Africa, What Role For Trade Unions?





## CURRENT ISSUES

Understanding the region's current crisis begins by looking at the circumstances in which policy aims and plans were made. Why did the region fail to prepare for the current shortfall in generation capacity, and why has it been so difficult to mobilise funding to unlock the region's abundant natural energy resources? The answers show three consequences of policy failure:



- For a long time the rate of investment in energy infrastructure has lagged behind the growth rate of the population and economy. There are several reasons for this, including electricity tariffs that are too low to make investment in the sector profitable; a shortage of skills required to plan, manage and implement large power projects; and a poor record of maintenance of existing energy infrastructure.
- Political and project risks have been too high for positive returns on investments. One reason is that governments tend to prioritise national control of energy projects and assets over the benefits of regional energy projects. The large size of many of these projects also poses risks – for example, some of the large hydropower projects need to guarantee markets within or outside the region. This explains why the region's huge hydro potential remains largely untapped.
- Policy frameworks tend to be weak, outdated and dominated by the state-owned power corporations, whose senior management are usually political appointees.



The above-mentioned policy weaknesses have resulted in some significant gaps in the system:

- An investment/financial resources gap;
- A skills and knowledge gap;
- A supply and demand gap – e.g. the gap between the potential hydropower supply from northern Southern African Development Community (SADC) countries and the markets in the southern part of the region; and
- Policy frameworks that generally exclude important groups like trade unions and consumer groups.

Nevertheless, it should be noted that the region has clearly stated some of its policy objectives, which are: energy access, energy security, adaptation to climate change and creation of a policy environment attractive to investment.









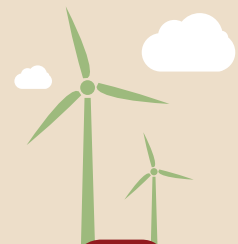
# CONTEXTUAL CHALLENGES

In dealing with challenges facing the energy sector, policy-makers need to position energy policy within the broader development context. Southern Africa is dominated by issues related to growing inequalities between the rich and the poor, and climate change is the most pressing of the new challenges facing the energy sector. This leads to the conclusion that future energy policy for the region has to address both issues.

The link between unequal access to energy and climate change impacts is obvious. Climate change threatens to worsen the situation, given the probability that rural communities will become poorer as a result of the increased frequency of droughts and other extreme weather events. The very low incomes of rural communities also leave them highly exposed to negative impacts of climate change. For a region like Southern Africa, which has historically struggled to overcome huge social and economic inequalities, this situation cannot be allowed to deteriorate.

Two factors contribute to the unequal access to energy that is such a common feature of the energy sector in the region:

- One is that there has not been much development of energy infrastructure in rural areas, so that most rural communities live very far from transmission and distribution services.
- The other is that, even when the energy infrastructure extends into poor areas, connectivity to the grid still remains a major challenge because low incomes make access to the grid an expensive exercise.





This indicates that policies and programmes designed to increase access to power for the poor should not just focus on expanding infrastructure; they should also provide financial support to enable the poor to connect to the grid.



There is a third factor to consider: renewable sources of energy do not damage the environment, and in developing countries when combined with modern digital technologies, they can be deployed at a much smaller scale – small enough to make them more affordable. It may therefore not be necessary for developing countries to build an extensive energy infrastructure in order to widen access to energy. Rather, they could simply grow their power sector with more manageable, reliable and accessible designs. This has already been done with mobile phone technology, whose widespread adoption has been achieved without the need for expanding traditional telecommunications infrastructure.

However, this assumes governments in the region have the ability to overcome two challenges, i.e. raising the initial investment required to kick-start development of renewable technologies and providing a stable and attractive policy environment.

Turning to climate change, there are at least three factors that will have an impact on the energy sector: global warming; changing regional weather patterns; and extreme weather events. Over the last few years, these impacts have become increasingly apparent in the region. The heavy rains during the 2016/17 rainy season, coming after years of drought, illustrate the increase in the severity and frequency of extreme weather events that climate scientists have predicted.



Because the energy sector is a major contributor to greenhouse gas emissions, it will be substantially affected by policies aimed at meeting the internationally agreed target for global warming – set at 2 degrees by the Paris Climate Change Conference. A number of options that hold the promise of substantially reducing the energy sector's greenhouse gas emissions have already been identified. They include:

- Decarbonisation of electricity supply and increasing use of renewable energy technologies;
- Electrification of home heating and transport which are currently fuelled in other ways; and
- Reduction in final energy demand (increased efficiency of energy use) on transmission and distribution.

It is obvious that current efforts to curb greenhouse gases would have to be scaled up substantially to meet the average global temperature target agreed at the Paris Climate Conference in 2015. Government policies will be vital in encouraging the transformation of energy systems - in particular policies on investment in renewable technologies (especially removal of financial barriers to investment); on capacity building; and the development of an appropriate legal framework with sufficient regulatory stability.

The importance of these measures is partly illustrated by the evolution of South Africa's Renewable Independent Power Producers' Procurement Programme (REIPP). It shows that renewable energy technologies rely on a clear and stable regulatory framework for their development, which provides direct support for such technologies. Having started off with a feed-in-tariff as the main policy instrument, the government switched to a system of tendering and bidding, which seems to have worked well enough for the industry to expand significantly.





However, South Africa's experience also shows that expanding renewable technologies will bring increasing challenges associated with integrating generation facilities into the grid and widening participation in the industry, as well as ensuring that job opportunities are created for local people.

In Southern Africa, renewable energy sources have significant potential for reducing greenhouse gas emissions, and the fact that they are becoming more competitive compared to thermal power should make their exploitation more attractive. Currently hydropower is the largest single contributor (21% in 2015), but solar (2.9% in 2015), wind (4.4% in 2015) and bio-energy are expected to experience the biggest growth.

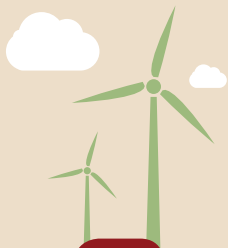


## BREAKING FREE OF THE OLD MODEL

What might be called the traditional policy model in the energy sector is chiefly characterised by what the World Bank, in its most recent World Development Report (2017), refers to as an unequal distribution of power in society. This in turn leads to the exclusion of certain groups from policy processes and harms policy effectiveness due to political capture and clientelism.<sup>2</sup>

Capture refers to efforts by political elites or governments to influence policy in their favour, allowing those with political power to exert an unfair influence on policy outcomes. Clientelism is about exercising political power in a way that benefits favoured groups (clients). Its commonest manifestation is when strategic transfers are made by political parties or governments to poor and disadvantaged groups as a means of securing their votes, in an effort to consolidate political power.

2. World Bank's World Development Report 2017.



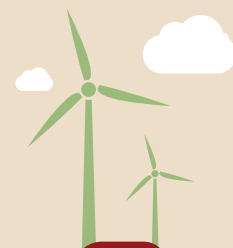
The approach to investment and tariff setting adopted by governments in the region illustrates the negative impact of both on the energy sector. For example:

- Investment decisions have often been delayed by elites attempting to get investments that favour their own interests rather than the public good.
- While most governments in the region have established independent energy regulators with responsibility for independently determining the level of electricity tariffs, the independent regulators are rarely given complete freedom. This is because governments regularly lean on the regulators to keep tariffs at levels considered affordable for the poor, as a means of securing the votes of the poor (treated as clients), thereby consolidating the political power of those in government.

***So, what would it take to break free from the traditional approach to policy in the energy sector?***

Generally the design of effective policies depends on three interrelated factors:

- First, effective policies have to be appropriate for the institutional and political arrangements they are designed for. Since a variety of different institutional and policy contexts exist, policies must fit the institutional and political arrangements within which they will be implemented, if they are to be effective. Simply put, policy instruments are not equally effective in all policy environments.
- Second, it is important to be clear about the objectives and priorities of policies. A lack of clarity about objectives is one of the reasons why good policies sometimes do not work.





Yet it is not uncommon to find contradictory objectives within the same policy framework. While this can sometimes be the result of 'politics', in some cases it simply reflects the fact that policymakers have not worked out what their policy priorities should be.

- Third, it is important to have a clear understanding of the constraints that are likely to make it difficult to achieve policy objectives.

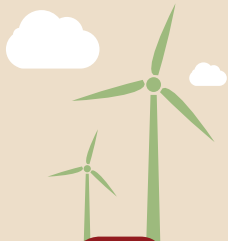
From these three factors come two practical recommendations:



Firstly, it is particularly important to understand how current policy processes work. If policymaking is largely shaped by ongoing and pre-existing political/institutional contexts, the nature and strength of political forces at play in the policy sphere must be understood. Such forces can be expected to favour existing policy arrangements, which often results in inaction or stalemate.

Secondly, policies that deliver in one institutional context will not necessarily deliver in a different context. In developing country policy contexts, the problem is not just capture of the policy process by the elites; it is also the fact that technical capacities and expertise are often too weak to analyse and implement the required policies.

A policy framework must be fit for purpose, clear and consistent. For instance, a policy designed to charge cost-reflective tariffs cannot be expected to simultaneously deliver cheap tariffs to the urban poor.







## OPPORTUNITIES...*TO BENEFIT FROM RENEWABLE TECHNOLOGIES*

Renewable sources of energy (like solar photovoltaic (PV), wind and hydropower) are attractive options for Southern Africa because of their low carbon impact, unlimited supply and price stability. They will bring a variety of economic benefits in education, health and employment. They also offer appealing options and flexibilities:



- Advances in smart grid technologies have made it possible to incorporate increasing amounts of volatile energy supply and a higher number of energy providers into the distribution grid. That means development of an integrated national or regional grid is now much easier to achieve. With an integrated grid in place, it becomes easier to relieve pressure on the centralised grid and provide back-up supply of electricity during peak load times.
  - Smart grid technology is also an enabler of distributed generation (DG) technologies<sup>3</sup>. Through the development of smaller decentralised sources of electricity, it is possible to provide household-scale electricity generating stations. This will allow individual homes and rural towns to access electricity, without major expense to power thinly populated areas.
  - The region has the opportunity to benefit from energy efficiency measures - also facilitated by smart grid technologies. Energy efficiency is a critical part of sustainable development because reducing electricity consumption means less generating capacity expansion will be needed.
3. DG technologies are smaller-scale, even household-scale systems, usually privately-owned and operated, that represent a different business model for electricity - enabling rural communities to have access to electricity without being connected to the grid.





- There is an opportunity to expand investment in the energy sector. While utilities have traditionally been responsible for building power plants when needed, with the coming of decentralised DG systems, anyone – an investor or individual user – can invest their own private capital in electricity generation. For capital-strapped utilities in the region, this must be an appealing option. Small grids make this possible by providing a way for utilities to manage and incorporate many small, individually-owned power plants into the grid. Distributed renewable generation, especially rooftop solar PV, is a particularly promising renewable technology in the region.



It is, however, important to note that opportunities may vary from country to country. In particular, some differences between the opportunities that are likely to benefit South Africa – the region’s anchor economy – and those that might be of greater benefit to other countries in the region may be expected. Broadly speaking, the technologies that will benefit South Africa include energy efficiency, smart grid, smart meter, DG and hydrogen storage. Other countries are likely to benefit from energy efficiency measures, DG, and implementation of micro-grids.



While success in taking advantage of these opportunities will involve substantial costs (in terms of investments in new technologies and expansion of the grid to integrate renewable technologies), the region, like other developing countries, will start with at least one advantage. Except for South Africa, which has a significant power sector, the other countries have relatively undeveloped power sectors. Some therefore see a great opportunity for developing countries to ‘leapfrog’ to smart technologies in the energy sector.





## OPPORTUNITIES ... TO SHAPE THE POLICY PROCESS

Clearly the need for a new energy policy, in response to climate change and growing inequalities, opens a window of opportunity to change policy processes:

- Firstly, the ongoing energy crisis in Southern Africa shows that current policy processes have failed. Because that is so, a window of opportunity to change the policy processes has opened. Looked at this way, the crisis is an opportunity to change the existing political settlement - which has traditionally put the interests of governing elites, the mining and industrial sectors above those of everyone else<sup>4</sup>.
  - Secondly, the shift from traditional, non-renewable sources of electricity (like coal, natural gas and oil) to renewable technologies (such as solar, wind and hydropower) will not just naturally happen on its own - appropriate policies and incentives will be needed to drive the process. This need also creates opportunities to influence or shape such policies.
  - Thirdly, with growing acceptance of the fact that the future of the energy sector lies in renewable technologies, there is an opportunity to change the traditional model - away from domination by state-owned enterprises, with little or no participation by other groups (such as trade unions and consumers), to a more inclusive and transparent policy process.
4. Political settlement is used as short-hand for describing the distribution of bargaining power and influence in the energy sector – a distribution that generally reflects power imbalances in society.



Experience shows that renewable technologies have to be supported in the early stages before they can compete with traditional non-renewable sources of energy. Typically they have higher start up costs and lower operating costs than fossil-fuelled electricity generation technologies. So, although renewable technologies will be more cost-effective in the long run, innovative policies to promote investment in renewable technologies are required at the beginning. Examples of such policies include feed-in-tariffs, tendering and bidding. Last mentioned has been used by South Africa to grow its renewable industry significantly.



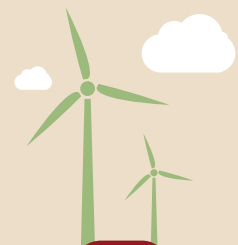
## THE POLICY ARENA

To understand how policy processes work, it is useful to imagine policy processes as taking place in an arena (stadium). In such an arena, the question of who is – and who is not - involved in the policymaking is largely determined by who has power and influence in society or the sector of the economy being examined.



As explained earlier, in most Southern African countries, there are essentially three major players: the government - exercising its political influence through state-owned enterprises, the World Bank and Western donor countries. Trade unions and other groups are not only excluded from the process, they are hardly ever consulted.

***The question is how can trade unions (and others not currently involved in policymaking), who are without political power, financial resources and technical expertise, make themselves heard in the policy process?***





If you think about policy processes as taking place in an arena, it is easy to see that power influences policymaking. However, there are three other factors: the governance context; dominant policy narratives; and actor-networks.



- First there is a direct link between the power of actors in the policy arena and the governance context that emerges. Yet the governance context is also shaped by external forces. For example, when the public became concerned (as opposed to uncaring) about the environment, it paved the way for a new way of thinking along the lines of sustainable development. These in turn shape policy discussions on energy.
- Second, the role of policy narratives (stories) which inform policy-making is sometimes underestimated. Yet, behind every 'effective' policy<sup>5</sup> is 'the story behind the story'. As an example, in the traditional model giving access to electricity to a broader base is often top priority. This is because governments wish to ensure that more people in rural areas (who are a key political constituency) can enjoy the benefits of electricity. This narrative still works, in spite of it being obvious that governments do not have enough money to extend the grid into rural areas. A bigger problem is rural incomes are simply too low to afford connection to the grid. Introduction of renewable technologies is an opportunity to generate a new narrative or story which will support policies that promote these technologies. However, at this time policymakers and the general population have only a vague idea of the potential benefits of these technologies. They do not yet understand that DG technologies open

5. An effective policy is simply one that delivers on what the policy was designed to achieve.



the way to construction of household-scale electricity generating stations. Such small generation stations are sure to be a cheaper way of bringing electricity to rural communities.

- Over time, actors in the policy sphere (whose broad policy outlook may differ) may find that it is in their interests to co-operate. In the energy sector in Southern Africa, a powerful actor-network exists – consisting of government departments (such as the Ministry of Finance), state-owned utilities, the World Bank and Western donors. These four players often come together to decide on investments in large power projects in the region. It is assumed developing country governments co-operate in order to get funding for their projects, while on the other hand the World Bank and Western donors wish to open investment opportunities for their businesses. A different way of thinking about these players is to see them as barriers to entry that have to be overcome by those excluded from the policy process. Therefore those, like trade unions seeking greater involvement in the policy process, need to focus on developing relevant policy narratives and building their own influential actor-networks. This is urgent in light of the window of opportunity opened by the ongoing power crisis, climate change and growing economic inequalities.





# WHAT THEN FOR TRADE UNIONS?

Trade unions face major challenges in the unfolding energy landscape, which will inevitably change in a way that will affect their jobs and the way they work. New technologies are going to be introduced, and the organisation of the energy industry will also change. There is likely to be more decentralised provision of electricity, compared to the current highly centralised model of production, transmission and distribution. Against this backdrop, what can trade unions do to advance their interests? Basically, they can either resist or embrace change.

**Resisting change** means taking an approach that prioritises job protection and working conditions for existing workers. This option is unlikely to serve the long-term interests of trade union members. The evidence from across many economic sectors shows that it is ultimately useless for workers to resist technologically-driven changes. In any case, trade union members also have an interest in reliable, affordable and clean energy systems, which the transformation of the energy systems is expected to deliver. There is also the risk that focusing on job protection may distract attention from the more important task of making sure that the costs of adjusting to low carbon energy systems are shared equitably.

On the other hand, **embracing change** means focusing attention on opportunities that will arise in the new environment. It should involve prioritising education and retraining union members so that they can take advantage of employment opportunities that will come with the renewable energy technologies. The trade union movement should also see the opportunity to broaden their mandate beyond simply protecting the interests of their members.





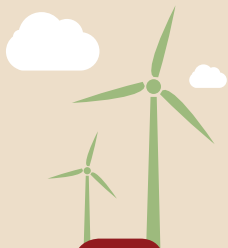
It is of great concern that the ongoing changes in the energy sector are taking place in a policy context that largely excludes trade unions and civic society groups, such as those representing consumers. That obviously needs to change. The big question is how relevant aspects of the policy context can be changed to promote outcomes that are positive for trade unions and the wider society. It is therefore absolutely essential to establish what the relevant factors are, and who among the participants in the policy sphere has power and influence as a result of control of those factors.



## MOVING FORWARD

To move forward, trade unions must pay particular attention to both the policy challenges and the political economy features of energy projects or energy development. The evidence is clear that:

- Holders of political authority can progress or delay specific energy policies - by controlling financial resources and regulatory organisations, selecting energy policymakers and applying pressure on them, as has so often been the case with respect to state-owned power utilities in the region. A classic example is the way state-owned utilities have often been prevented from charging cost-reflective tariffs that would make investment in energy infrastructure more attractive.
- The financial resources that external players such as the World Bank and donor governments command confer considerable power and influence, which allows them to choose where to allocate funds among various options. An example is that the World Bank provided funding





for the construction of the Medupi and Kusile coal-fired power plants in South Africa - this was done just as the South African government was adopting long-term plans to reduce the country's dependence on coal-generated power.

- Control over knowledge and information is a critical aspect of power and influence in policymaking. Technical capacities to produce, interpret and distribute knowledge and information is not equally spread, especially in developing countries where powerful international actors and their self-seeking policy narratives often flourish.

Beyond these three factors, the political economy features of the power sector must also be considered. Factors that influence specific political economy features of the energy sector include:

- A long and complex supply chain with many decision points creates many opportunities for political intervention.
- In developing country economies, the energy sector is a big employer - this can result in political pressure to create jobs, as well as award contracts and jobs to political supporters.
- Investments are large-scale and projects long-lived, with upfront costs for projects being very high. This, combined with the fact that costs and returns are difficult to predict, makes for risky investment.

Unsurprisingly, decision-making in the energy sector tends to be highly contested and political.





## A FEW GUIDING PRINCIPLES

Against the backdrop of such challenges, what should inform trade unions' approach to the task of increasing their influence on policymaking processes? Four principles are suggested as guideposts:

### **Build a strong foundation based on education and networking**



At the moment, trade unions lack the technical capacity, financial resources and political authority to engage with and challenge state-owned utilities and their partners – the international financial institutions and donor governments. This highlights the need for trade unions to prioritise acquiring knowledge in these three areas. Improved technical capacities in particular, will directly increase their influence on policy. Mobilising support for their policy programme – which we argue for below - will indirectly increase their political influence and may also attract financial support.

### **Develop strong policy narratives**

Trade unions need a clear perspective on the challenges they face. This should then be turned into a vibrant policy narrative that can excite, inspire and engage both their members and the wider population. One way this might be achieved is through a brain-storming session - ask an informal group of trade union members, development, campaigning (civil society) and communication professionals to spend some time together to develop and refine a political narrative.



## Embrace the changes taking place in the energy sector

The emerging energy landscape should not just be seen as a source of challenges, because there are definitely also opportunities that trade unions can seize. For example, DG technologies open the possibility of ownership of power generation plants. In contrast to the current position, where virtually all electricity is generated by large plants owned by state enterprises and centrally located, DG technologies will make it easier for others – co-operatives, municipalities, local communities and individuals – to build and own power plants. Such a spread of ownership – referred to as economic democracy by some – should be welcomed by trade unions, because some of their members may become owners of such plants (as members of co-operatives or individually), even if they lose their jobs as a result of the transformation of the energy sector.

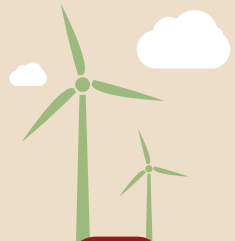


## Go beyond traditional concerns

Over the last decade, the benefits of globalisation have increasingly been questioned, even though globalisation is capable of producing great prosperity. This is chiefly because globalisation's benefits and costs have been unevenly shared. It is also quite clear that globalisation has contributed to unsustainable patterns of development. One consequence is the impact on the world's climate, which is close to the point where severe, and irreversible negative impacts on people and ecosystems seem inevitable.



Therefore tackling the broad social and economic concerns of the general population, especially the poor, is in the interests of the trade union movement. It is suggested that trade unions go beyond their traditional concerns about jobs and rights of workers and embrace broader social and political concerns about the environment, poverty and inequality. The combination of the globalisation crisis and the energy crisis in the region presents trade unions with an opportunity to build broad-based alliances and networks in favour of inclusive and transparent policy processes.





# AGENDA FOR ACTION

So what should the agenda for action look like?

1. It will be essential to prioritise issues and set clear objectives and then stick to them. This is because there is such a huge number of issues on the table that it is not possible to address all of them at once. It will be better to focus on a small set of priority issues, define what success looks like on each, and then bring them together in a policy agenda that can be the subject of policy engagement with the government and other parties.
2. A programme of research and education should be at the heart of the agenda for action. The simple fact is that technical knowledge and expertise are a source of strength and influence in policy engagement. Trade unions should therefore invest time and money in building a solid understanding of the key issues shaping the energy agenda. Of the three potential sources of power and influence identified earlier, technical capacity is the one where the quickest progress can be made. Trade unions can immediately take action to strengthen their technical knowledge and expertise on:
  - The economics and politics of low carbon development;
  - Costs and benefits of transitioning to low carbon energy systems and how costs of the adjustment might be fairly shared;
  - The pros and cons of renewable energy technologies, and how trade union members might take advantage of opportunities in renewable technologies, such as DG of electricity.
  - Challenges of climate change and policy responses to it; for example, the likely increase in trade protectionism.
  - Measures to tackle energy poverty.



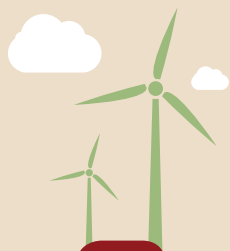


- Alternative means of ownership in the energy sector, given the need to diversify energy sources, and whether more and more people – individually or in groups – can be enabled to enter energy markets as owners or builders of local small scale generation power plants.

Knowledge from research can be supplemented by information from exchanges with trade unions in other countries and regions. This should result in a well-informed trade union movement prepared to analyse relevant facts, formulate clear strategies and policies and effectively communicate their policy agenda to stakeholders and the wider population. There is already an example of this in the region, in the approach taken by the National Union of Metalworkers of South Africa (NUMSA) towards discussions on decarbonisation of the energy sector in South Africa.



3. In addition to the acquisition of technical expertise, it will be necessary for trade unions to revamp their education and training programmes so that they better serve the needs of their members as the industry evolves. On this, they could work with technical colleges and universities to design training programmes that target the needs of a changing industry. Low carbon energy systems require specific technical skills, which are not readily available in the region at the moment. The use of smart technologies involves installation of knowledge-intensive devices that can only be done by individuals with skills in modern digital technologies and data management. Courses covering these sorts of skills are currently not available in the region.
4. Transitioning to low carbon energy will mean adjustment costs. On this, several questions need to be answered: What is the likely scale of these costs, and how will they be shared between stakeholders in the energy industry? What is the likely future course of employment in the energy sector? Is there scope for current workers to be retrained so that they can compete for new jobs created in the renewable energy sector?

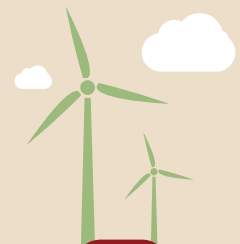


5. What trade unions want from and can contribute to regional energy policy needs to be considered carefully and then spelt out clearly. Although SADC has adopted a number of policy platforms, not much has been achieved as many are wish lists. This suggests that action is needed to translate wishes into reality. As well as seeking representation on relevant SADC bodies, trade unions should lobby governments to establish effective monitoring and co-ordinating mechanisms at regional, national and district levels.



There are a number of issues on which co-ordination and consistency are sadly lacking:

- Investment planning: Despite the long-standing aim to co-operate in developing the region's huge energy potential, considerations of national interest often still override regional interests and in consequence the region's potential remains largely unexploited.
- Energy security: Most governments take a national perspective, prioritising national self-sufficiency over regional self-sufficiency. Continuing with this old conception of energy security, however, undermines regional co-operation and holds back development of a regional energy sector.
- Renewable energy technologies: There is as yet little evidence that governments fully grasp their potential, let alone the importance of providing relevant training and education courses. Trade unions must make provision of such courses one of their priorities.





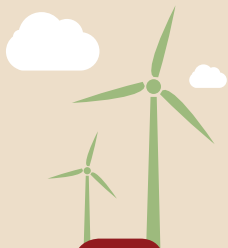
- Standardisation of equipment and spare parts and other renewable energy devices: Standardisation of devices such as mini-grid generators, solar modules, conductors, transformers and transformers is essential to create a basis for manufacturing these devices in the region.

Against the backdrop of governments with limited capacity for implementing projects and programmes, a trade union initiative that directs the region's focus and attention to the nuts and bolts of monitoring, co-ordination and coherence may be a very effective way of influencing policy.



6. Transitioning to a low carbon future that employs a high share of renewable energy will require considerable investment in the technologies themselves and the infrastructure that supports these technologies. A big part of that investment is the smart technology required to build flexible and unified energy systems. There is a strong case for bringing this up at the regional level, if only to start a discussion on the likely benefits of smart grids for the region. Benefits include:

- Facilitation of grid load balancing and distribution automation services, which help to keep power flowing more continuously and alert utilities to blackouts;
- The potential opportunity to leapfrog to smart grids;
- Incorporation of renewable technologies into the national grid. Crucially, renewable power needs smart grids due to the need to manage intermittency – the fact that the sun and wind only happen during certain times and hydro can be affected by drought.







# CONCLUSION

In summary, trade unions should focus upon:

- Embracing rather than fighting the inevitable changes taking place in the energy sector, which will strengthen rather than weaken their position;
- Strengthening their technical capacity and expertise on key issues and use that as a platform for influencing policy. In terms of priorities, this is what needs to be done first - and quickly;
- Broadening their agenda to include broader development concerns (such as reducing inequalities) to gain wider acceptance of their agenda – as well as a more inclusive and transparent policy process;
- Viewing the ongoing energy and climate change crisis as an opportunity for policy change; and
- Persuading governments not just to involve them in regional policy discussions, but to establish monitoring and co-ordinating mechanisms to ensure soundness of policies at all levels.

In the long list of energy challenges there are at least two sources of continuing strength: plentiful renewable energy resources in the region; and comparative freedom from technological path-dependency due to the relatively undeveloped energy sectors in Southern Africa.



# ABOUT THE AUTHOR

Ivan Mbirimi is an independent consultant and researcher who has done extensive work researching and delivering papers on the energy situation in Southern Africa and the SADC energy framework. The study he conducted for the FES Tucc and SAEN resulted in a paper that was prepared for and delivered at the 2016 SAEN conference. The paper was appreciated and accepted as an important resource for trade unions in the energy sector within the SADC region, who include many without a basic as well as grounded understanding of policy issues around energy.





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