

Comment

IRP2010, renewables and South African excellence



I had the privilege of hearing Clem Sunter, the world-renowned scenario planner, at the product fair organised by Pan Mixers this month. He has a wonderful ability to make sense of the multitude of mixed messages about the world's economy. Sunter doesn't predict the future; he suggests a range of possibilities, and then identifies flags that might signal which scenario is most likely to occur. In his first book, *The Mind of a Fox: Scenario Planning in Action*, written together with Chantell Ilbury and published just three months before 9/11, Sunter identified the possibility of a major terrorist event in a major Western city that would be likely to shape the whole of the Bush presidency.

Speaking about the future outlook in the West, Sunter identifies a *Hard Times* scenario, which suggests that recovery is likely to be a long haul, potentially up to five years. "The basic causes of the recession, ie, levels of debt, have not changed, they have simply been transferred from banks to governments," he says. An alternative high-probability scenario (Sunter gives it a 40% probability) for the world economy is the UV-scenario, named to capture the idea that the developed and developing nations of the world are likely to have different experiences, a U-shaped recession in developed nations and a V in the developing world. "We would nominate Europe, the UK and Russia for a 'U' and Brazil, Africa, China and India for a 'V'. Japan could go either way having undergone a 20 year 'U'. America likewise, in light of the government there having to rectify its budget deficit," says Sunter. The key message here for South Africa, as the strongest economy in Africa, is the opportunity to be the conduit for African development.

Turning his attention to scenario possibilities in South Africa, Sunter gives high probability (70%) to our ability to stay in the Premier League of nations, ie, in the top 55 business nations of the world. There are three flags associated with this scenario. The first one is inclusive leadership – keeping those with capital and skill happy while, at the same time, creating the opportunities for the marginalised poor. "And it is reassuring that Jacob Zuma has made inclusivity central to his initial presidential theme."

The second flag is to show tangible results in rectifying the problems that caused South Africa's recent slide in the Premier League, which is not about left or right politics, but about back-to-basics management. "The best way for South Africa to raise this second flag is for all of us to recognise the pockets of excellence that exist in our midst and then benchmark other similar organisations against those pockets of excellence," suggests Sunter, citing SARS and the Red Cross Children's Hospital in Cape Town as examples of excellence. The third flag is about evolving a dual economy, an outward-looking economy that earns foreign exchange and an inward-looking economy that creates new jobs and reduces unemployment, which is currently sitting at 23,5%.

The IRP2010 process is now nearing its end and we are getting very close to a clearly defined REFIT programme – and here lies a very powerful opportunity to raise all three of the flags identified by Clem Sunter.

Firstly, the power rebuild programme gives us the opportunity to unite behind an inward-investment programme which is "much larger than the FIFA World Cup and Gautrain combined," according to Steve Lennon of Eskom speaking at the SAIW Annual Dinner and Awards ceremony. This programme can make us all feel and act positively about our nation's future. The process is also an opportunity for Nersa, Eskom, the Department of Mineral Resources and many other stakeholders to unite, to show initiative and to emerge as excellent custodians of our country's future energy resources.

But most importantly, by including a substantial renewable programme in the mix, via the REFIT programme and direct investment, we can create a local renewable industry, a global industry of excellence. We can use the internal demand for power to establish the industry, create jobs and lift the inward-looking economy. Then we can look further afield, export our expertise and become a global player.

"The success of the outward-looking economy revolves around choosing one's spaces carefully in light of how competitive the global economic game is," says Sunter. "The success and inclusivity of the inward-looking economy will very much depend on the growth of small business in South Africa and overcoming the problem of a 'two-worlds' economy."

Creating a substantial renewables industry in South Africa could go a long way to achieving success