

# Setting has never been better for renewable energy sector

By [Amanda Dinan](#)

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A decade ago, if I had raised the topic of environmental practices with businesses in South Africa, the automatic association would have related to 'compliance'. Some might have categorised green activities as an opportunity for PR. A handful were embracing the business opportunity associated with the sector.

Not so today. Somewhat counter intuitively, one of the drivers includes our economic downward turn, influenced by the global slow down, low commodity prices and our own internal challenges. This, and the current energy crisis in South Africa, has raised the understanding of the value of natural resources to the economy.

While government revenue is declining and jobs opportunities decline with the downturn, we have no option but to be more efficient and more strategic with the country's resources. There is an opportunity for innovation. Also, the global economic crisis of 2008 brought millions across the world face to face with the sobering consequences of short-term profit taking or exploitative practices.



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The setting has never been better in South Africa for the renewable energy sector. The cost of renewable energy, especially wind power, has decreased markedly in recent years. Wind power is now substantially cheaper than new coal power. Internationally, the cost of solar photovoltaic cells has dropped by nearly 10% over the past decade and, according to the CSIR, by 2020 solar power should be considerably cheaper than electricity from coal-fired power stations.

## Change in farming

Farming practices in South Africa have also changed. Conservation tillage, previously a fringe concept, now garners support for a number of reasons. Better soil moisture management means reduced irrigation requirement. A compelling driver being the rising price of power for pumping costs and increasing water scarcity. Improved soil management translates to lower fertiliser costs.

Consumer awareness is on the rise. Health choices contribute to rising demand for organically farmed produce, and the rocketing popularity of local markets, and local outlets offers an increasingly wider market spectrum for these formerly tightly niched producers.

Also informing consumer choices and actions is the question of global climate change. This issue which has been simmering for decades, is now finally accommodated in the mainstream media, with bold headlines such as 'Hottest year on record' increasingly common. This is no longer a hesitant debate, it is unarguably the challenge of our generation and generations to come. Many of us have made the connection: our consumption patterns make a difference

On the global scene adjustment of businesses is very much the case. Internationally, big players such as Tesla (electric-car industry), General Electric (wind turbines) and Evergreen Solar (solar energy) are leading the way. It is expected that the global market in low-carbon and energy efficient technologies - including renewable energy supply products - will triple to \$2.2 trillion by 2020. The global market for organic food and beverages has risen by 60-70% since 2011.

## **Growth in eco-tourism**

And lastly, eco-tourism - that focus on nature-based activities - is the fastest growing sub-sector in sustainable tourism, a sector which is likely to increase to a market share of 57% in developing countries by 2030 (47% in 2011).

This trend is not just about seeking remote and pristine destinations, but has been embraced by urban hotel industry too. Cape Town's Hotel Verde, named the world's greenest hotel, has been influential in implementing effective eco-tourism strategies, providing eco-friendly yet trendy and comfortable environment for their guests.

The hotel was built with environmentally sustainable materials and makes use of renewable energy. This environmentally sensitive has accelerated in Kenya, driven both from a demand point of view, and also a critical need to manage the footprint of this important industry on the natural resources.

But, perhaps the most important opportunity for South Africa lies with small businesses. SMEs play a vital role in the South African economy as an income and job creator. In the past five years, nearly 80% of all new jobs have come from this sector alone! Of significance here, is a recent finding from the largest representative survey of SMEs in South Africa, which shows a total of 86% of SMEs either agreed or strongly agreed on the importance of sustainability practices to their businesses. When last polled nine years ago, this issue barely registered.

## **A challenging place**

In spite of the importance of the sector, the fact remains that South Africa is one of the most challenging places in the world to start and run a small business successfully. SMEs face a number of obstacles including bureaucracy and red tape, challenging labour conditions, low productivity, a highly monopolised economy and increased competition from outside players.

For SMEs with a green focus, this can be compounded by even more legislation and compliance requirements. Fortunately there are some initiatives that have recognised the opportunity presented by the green economy, especially where the growth of SMEs are concerned. One of these is the #JustAddGreen initiative, the product of a collaboration between Enterprise Developers, Fetola and J.P. Morgan.

This initiative understands that we all have an interest in the environment and seeks to work with value adding SMEs making a difference in grandest and the smallest ways. This initiative is one of the first of its kind, with its environmental emphasis and its diversity in accepting all sectors and varying actions.

## ABOUT AMANDA DINAN

Amanda Dinan has 20 years of diverse professional experience. Her background ranges from water resource and infrastructure planning to environmental impact assessments, from the financial sector (socially responsible investment) and corporate consulting to project management of energy efficient stove programmes in rural parts of Mozambique and Malawi. She has worked all over Southern Africa and is now employed as Fetola's project manager.

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