NBI
National Business Initiative

WE MEAN BUSINESS COALITION

COP29 SOUTH AFRICA PAVILION
BAKU, AZERBAIJAN

11 - 24 NOVEMBER 2024

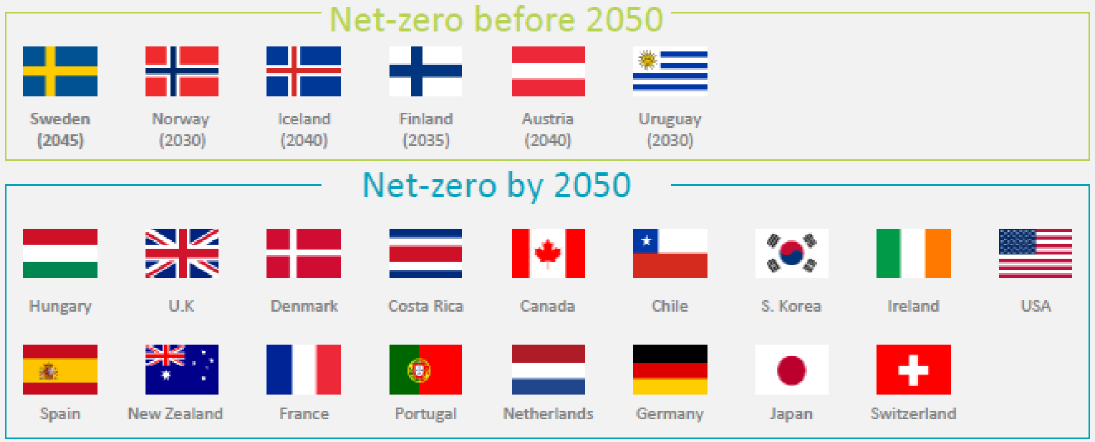
Presentation to BUSA

Image source: COP29 To Be Held In Baku Olympic Stadium | MENAFN.COM

CONTENTS

Physical and transition risk from climate change is increasing globally, while the clean energy transition gathers pace

Many countries have already set ambitious net-zero targets



South Africa's net –zero target was submitted in the Low Emissions Development Strategy

- Deadly floods on 6 continents in 2024 alone
- EU Green Deal
- CBAM in EU (UK, US and Japan measures also imminent)
- IFRS S2: Climate-related disclosures
- Increased ambition: national commitments to net-zero
- Increase in action: **"the world added 50% more renewable capacity in 2023 than in 2022"** (WEF, 2024)

01

BUSINESS PLAYS A CRITICAL ROLE IN ENHANCING NATIONAL CLIMATE AMBITION AND DRIVING JUST TRANSITION IMPLEMENTATION

Business, has determined that a just climate transition & reaching net zero is possible and that, while there are risks that need to be proactively managed, there are significant opportunities to be unlocked.

30+ CEO champions from multiple sectors

2+ Years of analysis and intensive engagement

450+ Stakeholders from business, government, civil society and labour

250+ Hours of technical workshops

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BUSA BUSINESS UNITY SOUTH AFRICA

Business Statement on South Africa's Climate Change and Decarbonisation Response and the Pathways to Net-Zero Emissions by 2050

11 August 2021

INTRODUCTION AND BACKGROUND

South Africa is a signatory to the UNFCCC and to the Paris Agreement. As an energy and emissions intensive middle-income developing country, it recognises the need for it to contribute its fair share to the global effort to move towards net-zero carbon emissions by 2050, taking into account the principle of common but differentiated responsibilities and the need for recognition of its capabilities and national circumstances.

South Africa is highly vulnerable to the impacts of climate change and will need significant international support to build resilience, transition its economy and to decarbonise. Furthermore, given the country's high rate of inequality and unemployment and the extent of dependence on a fossil fuel-based energy system and economy, this transition must take place in a way that is just, that leaves no-one behind and that sets the country onto a new and more equitable and sustainable development path; one which aims to systematically reindustrialise the country, and build new and green industries, value chains and jobs on the basis of a supportive and aligned industrial policy.

In response to the above imperatives, the National Business Initiative, together with Business Unity South Africa and the Boston Consulting Group, has worked with corporate leaders to assess whether the pathways exist for the country's economic sectors to decarbonise by 2050, and whether this can be done in such a way as to build resilience to the impacts of climate change and to put the country onto a new and low emissions development path. The results of this work to date have shown that this can be done, and that to realise these pathways, efforts must begin now.

A COMMITMENT TO MOVE TO NET-ZERO EMISSIONS BY 2050

Globally, more and more countries are adopting a net-zero emissions target by 2050. This includes the world's largest economies (China has signalled its intention to reach net-zero by 2060) and many of South Africa's most important trading partners. It is not a requirement of the Paris Agreement that countries indicate their long-term climate change ambitions, but countries are invited to develop Long Term Emissions Development Strategies (LEDS). South Africa's LEDS, submitted to the UNFCCC in 2020, indicates an aspirational target of reaching net-zero by 2050.

The work done by the business community has interrogated the energy, liquid fuels, mining, chemicals, agriculture, forestry and land-use, transport and heavy industrial sectors, and has asked the question whether there are decarbonisation trajectories that would move the country to net-zero by 2050 in ways that would also create new industries, income streams and jobs.

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The results of the modelling and analytical work have been informed by numerous industry experts, academics, and scientists. Its results demonstrate that these pathways do exist and that even a country with an economy that is structurally embedded in an energy-intensive production system can shift.

To do this would require that the country invests heavily in renewable energy starting now; that coal-fired power plants are phased out of the economy by around 2042, and that no new coal facilities are built; that there is investment in gas for peaking purposes into the 2040s; and that there is significant investment in green hydrogen and battery storage as key elements of the energy system into the future. The work has shown that South Africa is uniquely placed to build a significant hydrogen economy, including for export.

Furthermore, the work indicates that an early and large investment in increased renewables capacity and in building a green hydrogen economy has significant net positive job creation effects. Timing is of the essence and the business community is of the view that there is no time like the present to create the regulatory and policy environment that would support this. For example, the announcement that embedded generation of up to 100 MW will be allowed without licencing, opens the way for new investment and growth, and is a key step towards an enabling economic environment that supports the transition we need. Accordingly, business can commit unequivocally to supporting South Africa's commitment to find ways to transition to a net-zero emission economy by 2050.

In addition to support for a net-zero emissions target by 2050, business also recognises the need for the shifts in our energy and industrial economy to begin now, and in this light consideration has been given to what must happen in the short term to allow a net-zero economy to be realised in 2050.

COMMITMENT TO SUPPORT AN AMBITIOUS NDC

In November, South Africa, along with many others, will table its revised Nationally Determined Contribution (NDC) to the UNFCCC. In line with the requirements of the Paris Agreement this must demonstrate increased ambition. South Africa is currently considering the draft updated NDC tabled by Government and the view of the business community is that there is room for a level of ambition that is higher than that in the draft NDC.

Business recognises the need for greater ambition to position the country as an attractive investment destination and increase the chances of accessing green economic stimulus and funding packages.

Specifically, business would support a level of ambition that would see the country committing to a range of 440 to 350-370 Mt CO_2e by 2030. This is significantly more ambitious than the NDC put out for public comment and would require concomitantly greater levels of support with regard to means of implementation from the international community than is currently the case. It is also consistent with international assessments of South Africa's fair share contribution to the global effort, and it would also ensure that the no-regret decisions that would put us onto a net-zero 2050 emissions trajectory, would be implemented sooner.

NO-REGRET DECISIONS TO SUPPORT THE TRANSITION

For the business community, these no-regret decisions would include the following:

- Policy decisions that would not see new coal or conventional nuclear built in South Africa in the period to 2030 and beyond, and increasing the allocation of renewable energy in the IRP consistent with the least-cost decarbonisation pathway;
- Decisions on the repowering/repurposing of existing coal power stations and determining whether gas, renewables or battery storage will be used for this. This would also require commercially and financially viable solutions (including active social support measures) to support the early decommissioning of coal plants;
- Determining the extent of gas required into the 2040s to support peaking and intermittency;

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- With significant international financial and other support, building a Just Transition finance transaction for the coal value chain to support affected workers, communities and suppliers in this transition, including their reskilling and redeployment and the creation of new industries and enterprises, including SMEs; and
- Developing a national green hydrogen roll-out plan and begin to develop early-stage projects that would over time build to scale.

INTERNATIONAL SUPPORT

The Paris Agreement requires that developing countries are provided with finance, technology, and capacity support (means of implementation) in order that they achieve their decarbonisation and adaptation goals. It was agreed that at least $100 billion would be mobilised by 2020, and that this would increase exponentially over time.

While South Africa has leveraged a degree of climate finance from the international community, the scale and depth of the transition envisaged will require substantial investments over an extended period of time. The quantum of this requires further work but it is likely to be large. Critically, social costs and Just Ttransition costs must be factored in. Significant financial, technological, and capacity support will be required to support the decarbonisation of hard-to-abate sectors. Early interventions in these sectors will be essential.

Furthermore, South Africa is in a dire economic situation that is exacerbated by the on-going COVID-19 pandemic. In addition, the downgrades of our sovereign credit ratings and the need to rebuild institutions and capacity post-state capture have meant that the country requires more support than ever before.

Business sees the support of the international community as essential for the country to achieve its climate objectives. For this reason, business believes that a more ambitious NDC, and one that would place the country firmly on a net-zero emissions 2050 trajectory, would have to be conditional on the provision of the requisite means of support by the international community. In this light, the business community will play its part to develop a portfolio of fundable adaptation and mitigation projects that would build resilience and achieve deep decarbonisation.

CONCLUSION

Given South Africa's national circumstances, developmental goals and challenges, and its emissions, moving our economy in a completely new direction and building new sustainable and resilient development paths, new technologies and new capacities, is no small ask.

Despite the depth of the challenge, South African business stands ready to play its part in this historical endeavour. Business is committed to working with Government and other social partners, with our employees, our stakeholders, and the international community, to embark on a deep decarbonisation path towards net-zero and to build the resilience to the impacts of climate change that will ensure that our country contributes its fair share to the global climate effort.

— ENDS —

MORE INFORMATION

Read/download ***Just Transition and Climate Pathways Study for South Africa - Chapter 1: South Africa's energy sector decarbonisation*** online at www.nbi.org.za/publications.

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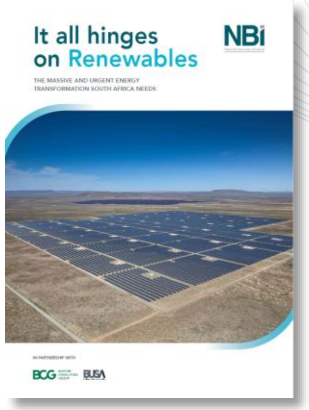

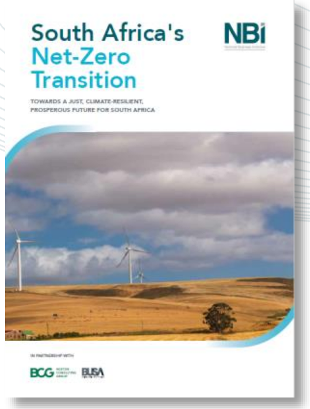

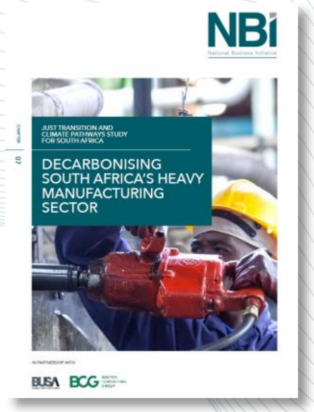

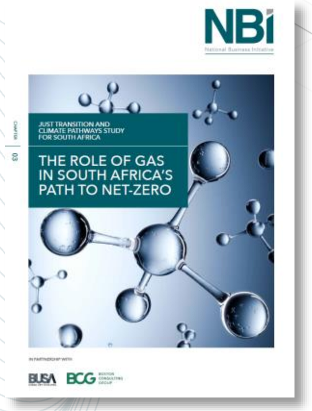

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Outcomes of recent COPs on the national climate agenda

- **COP28 Outcome: Transition away from Fossil Fuels**
  - For South Africa this must happen in a just, orderly and equitable manner.
- **COP28 Outcome: Triple Renewable Energy by 2030**
  - South Africa will need business and international community support→ Means of Implementation, Common But Differentiated Responsibilities and Respective Capabilities

- **COP28 Outcome: Develop National Adaptation Plans and Strategies**
  - South Africa’s implementation of the NAS → in line with fair contribution to implementing the UAE framework for Global Climate Resilience
- **COP28 and COP29: Greater ambition in NDCs**
  - South Africa is aiming to develop an enhanced NDC that is more ambitious in 2025, taking into account GST outcomes.

02

COP28 WAS ABOUT UNDERSTANDING AND SHOWCASING THE PATHWAYS FOR ACTION AND IMPLEMENTATION.

COP29 IS A FINANCE COP AND IS ABOUT ENHANCING AMBITION AND UNPACKING THE INVESTMENT NEEDED TO ENABLE ACTION...

COP29 Baku Azerbaijan

"In Solidarity for a Green World."

COP29 Framework for Action

Our fixed objective

We all have a moral duty to avoid overshooting the 1.5°C temperature target. But the window of opportunity is closing and we must focus on the need to invest today to save tomorrow. Our fixed priority is delivering deep, rapid and sustained emission reductions now to keep temperatures under control and stay below 1.5°C, while leaving no one behind.

Enhance ambition and enable action

The COP29 Presidency's plan is based on two mutually reinforcing parallel pillars. The first pillar – to "enhance ambition" – combines key elements to ensure all parties commit to ambitious national plans and transparency. The second pillar – to "enable action" – reflects the critical role of finance, a key tool to turn ambition into action and reduce emissions, adapt to climate change and address loss and damage.

Inclusive process for inclusive outcomes

The COP29 Presidency is listening to and engaging with a broad range of international stakeholders. It is working to ensure everyone's voices are heard and perspectives are considered and included so that we deliver inclusive outcomes based on shared solutions. We are optimistic that together we can make real progress.

COP29 Presidency is calling on parties to:

- Enhance their NDCs
- Set out National Adaptation Plans (NAPs) by 2025
- Support the delivery of Biennial Transparency Reports (BTRs)

COP29: A Focus on Finance

Objective of agreeing to a new finance goal in Baku: ***New Collective Quantified Goal on Climate Finance***

- Critical role of finance to reduce emissions, adapt to climate change, and address loss and damage
- *"finance is one of the key tools to turn ambition into action."*
- COP29 Presidency will work with global financial actors to unlock climate finance and accelerate investment for a sustainable and climate-resilient world

COP29 President-Designate H. E. Minister Mukhtar Babayev address at the Petersberg Climate Dialogue in Berlin: [COP29 Azerbaijan - United Nations Climate Change Conference]

COP29 President Designate has urged the **private sector** to "*come to COP29 ready to **show** how they are **allocating capital** and ensuring **investment decisions** are **aligned** with our **climate goals.**"*

COP29 Baku Azerbaijan

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COP29 Action Agenda to enhance ambition and enable action

COP29 Baku Azerbaijan

COP29 Presidency launches 14 funds and initiatives:

Climate Finance Action Fund (CFAF)

- Initial fundraising aiming for $1 billion -annual contributions from fossil fuel producing countries and companies to support meeting NDCs
- CFAF will provide off-take agreement guarantees for SMME and first-loss capital for green industrial projects
- Development of **Rapid Response Funding Facility** providing highly concessional and grant-based support

Baku Initiative for Climate Finance, Investment and Trade Dialogue

- Long-term dialogue platform for the international community to bring increased focus to the nexus of climate finance, investment and trade

Just Transition Investment Partnership (JTIP) 4 Jobs and Skills

- Collaborative platform to connect financing needs arising from the integration of skills development in NDCs, NAPs, LT-LEDs with available financing instruments of MDBs and other sources of financing

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03

HOW DO COMPANIES GET INVOLVED WITH CO-HOSTING THE SOUTH AFRICA PAVILION AT COP29?

Business-Government COP partnerships

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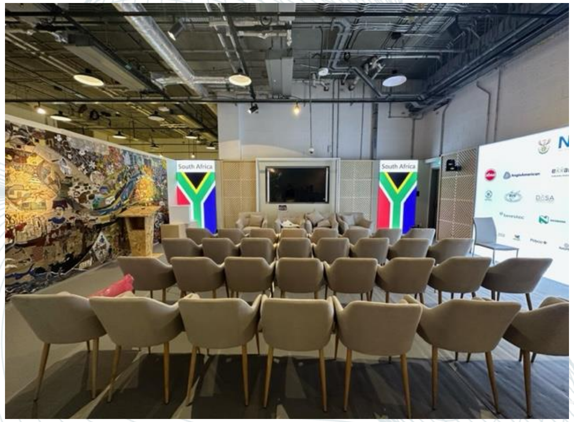
In the face of mounting global pressures, strong collaboration between business, government and other non-state actors is needed now more than ever, to strengthen our enabling environment to successfully implement SA's JET and unlock local opportunities for socio-economic development

COP26 - GLASGOW

Demonstrate credibility and business case for low-carbon investment

COP27 - SHARM EL SHEIKH

Present an investment plan on how South Africa will use the offered Just Transition finance



COP28 - DUBAI

Showcasing innovative pathways for action and implementation

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KEY PARTS OF THE SPONSOR JOURNEY:

Working Group meetings to update on pavilion, position for COP29 and Pavilion key messaging

Weekly meetings with team in the run up to COP

Showcase your key sustainability initiatives on our social media platforms

Social media profiling of key messages and company events

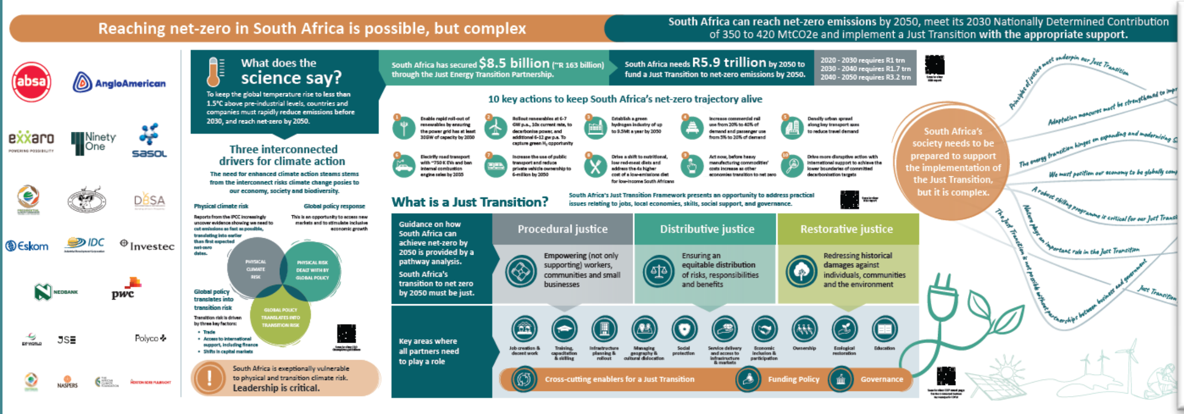
Share event template and official event invite

Support with hosting event at the Pavilion

Blue zone accreditation for representatives (depending on sponsorship tier and at the discretion of the DFFE)

KEY MESSAGING FOR SOUTH AFRICA'S COP28 PAVILION INCLUDED:

- Raising awareness of what South Africa (government & business) is doing to implement a just transition
- Highlighting key investment opportunities in South Africa in the context of Just Transition implementation
- Helping leaders understand a developing country context and the need for support



Government and business are building the COP29 South Africa pavilion together- a space where we will tell the South African story, jointly host discussions and showcase evidence that implementing a just transition is possible

COP29 PREPARATION EFFORTS STIMULATES KEY RELATIONSHIPS BETWEEN BUSINESS, GOVERNMENT AND CIVIL SOCIETY

COP29 MESSAGING FOR TEAM SA

KEY MESSAGING FOR SOUTH AFRICA'S COP29 PAVILION: FOCUS ON ACTION AND PROGRESS.

BUSINESS VIEW & INPUT: FOCUSSED ON WHAT HAVE WE LEARNT THROUGH ACTION & WHAT ENABLERS AND SUPPORT IS NEEDED?

LEAN & HIGH IMPACT COMMUNICATIONS CAMPAIGN TO AMPLIFY KEY MESSAGES, BUSINESS VIEW, AND PROFILING BEST PRACTICE.

THERE IS OPPORTUNITY FOR BUSINESS TO CO-HOST THE SA PAVILION WITH GOVERNMENT & ATTEND COP29 THROUGH THE NBI:

COP29 Pavilion Sponsors: Who is in the room so far

OLDMUTUAL

DBSA
DEVELOPMENT BANK OF SOUTHERN AFRICA
Building Africa's Prosperity

IDC
Industrial Development Corporation

Ninety One

exxaro
POWERING POSSIBILITY

Polyco

sasol

Eskom

NASPERS

SUISO

REPUBLIC OF SOUTH AFRICA

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THE SPONSORSHIP HIERARCHY, WE NEED TO RAISE SUFFICIENT FUNDING FOR A COP29 PROGRAMME

This year we plan to build on momentum from COP28 to host a Pavilion that speaks to the innovative ways in which South Africa is transitioning, implementing and unlocking finance for ambitious climate action

Tier 01 — Core Sponsor

- ❑ Most prominent branding
- ❑ Event hosting priority
- ❑ Priority video and interview space
- ❑ Social media priority
- ❑ Speaking opportunity prominence
- ❑ Accreditation to attend COP
  *at the discretion of DFFE

Starting from R 1 000 000

Tier 02 — Implementing Sponsor

- ❑ Prominent branding
- ❑ Ability to host events
- ❑ Social media prominence
- ❑ Speaking opportunity priority
- ❑ Accreditation to attend COP
  *at the discretion of DFFE

Starting from R 630 000

Tier 03 — Supporting Sponsor

- ❑ Branding on sponsor walls
- ❑ Social media presence
- ❑ Ability to host an event
- ❑ Accreditation to attend COP
  *at the discretion of DFFE

Starting from R 315 000

*Please note: The DFFE is only able to accredit South African passport holders
*Videography and photography is budget dependent
*Hybrid events and livestreaming is budget dependent

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What we do...

1. Pavilion Events

- Event scheduling
- Event Tech Support
- Event Promotion
- Hybrid format (larger audiences) – budget dependent

2. Videos (Budget dependent)

- Strategic Video Series: thematic COP29 videos
- Tier 1 Sponsors: Video Series of their COP29 Journey

3. Media/Press

- Co-ordinate with media for key comments
- Link between business and government
- Leverage existing partnerships & relationships ie. SABC & eNCA

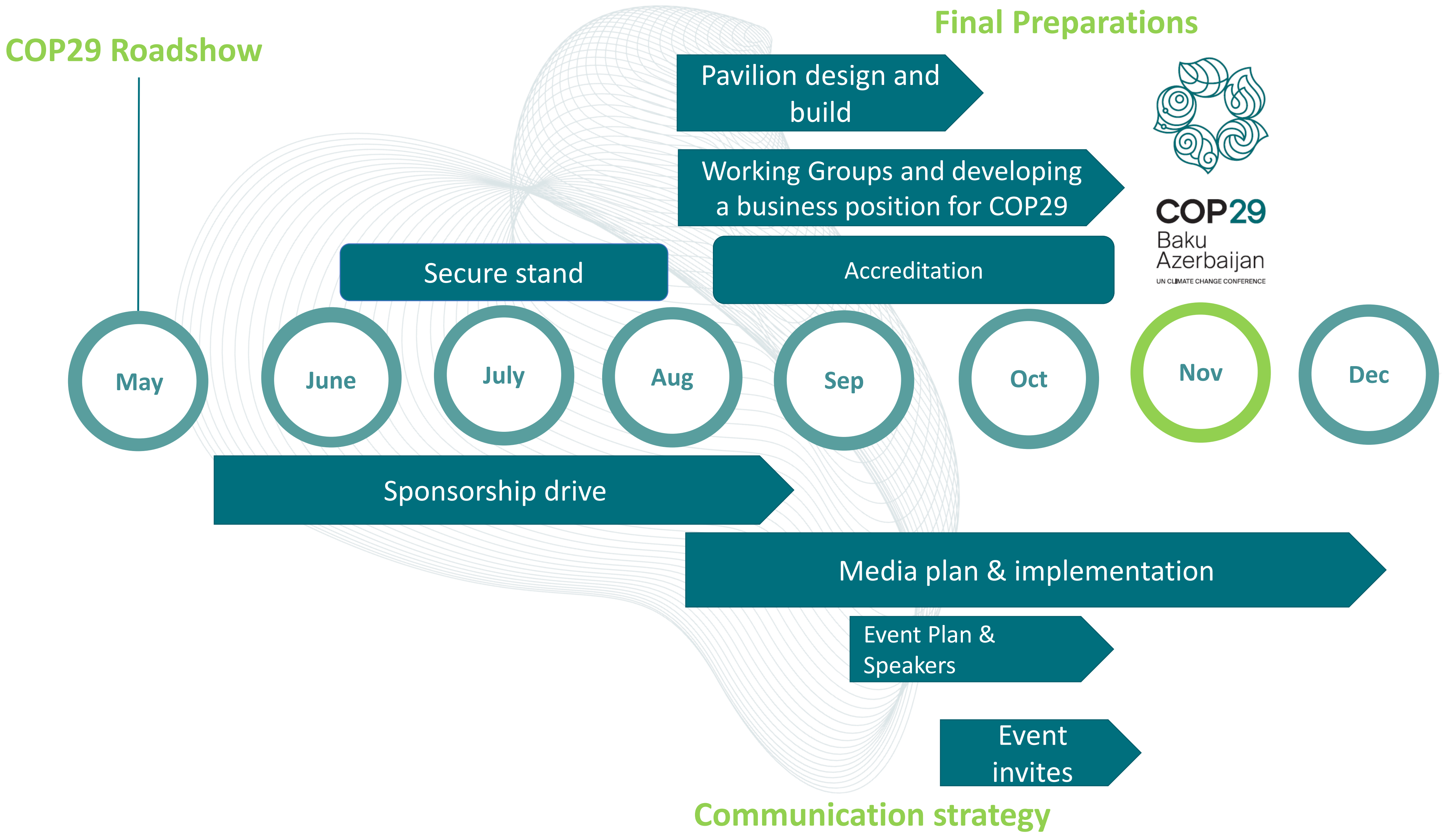
4. Social Media

- 1-2 Month COP29 campaign

04

COP29 PLANNING AND DELIVERY TIMELINES

PARTICIPATING IN ACTIVITIES ALONG THE ROAD TO COP29



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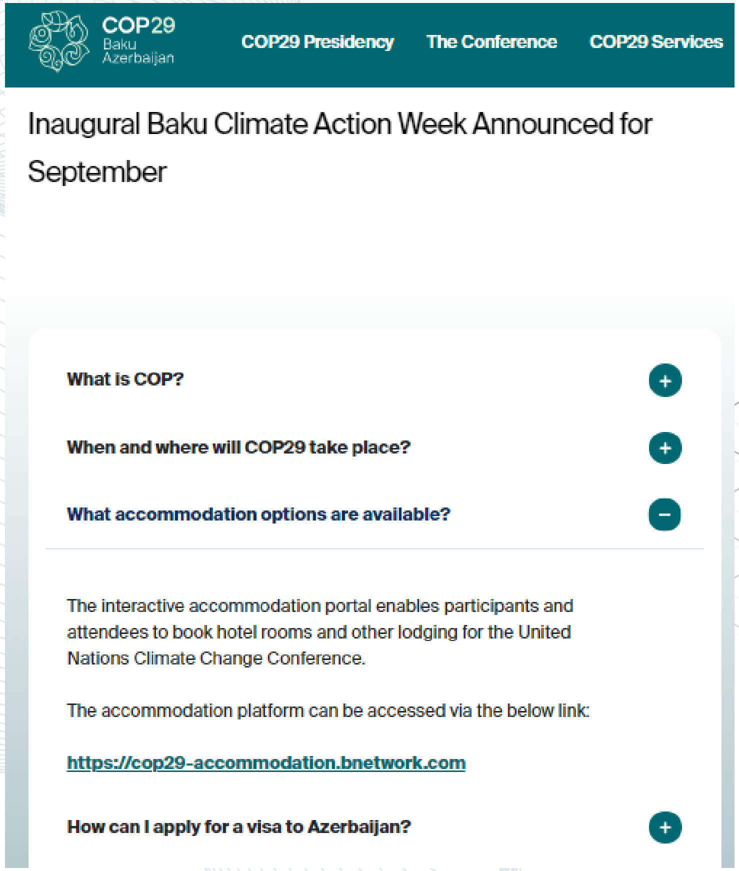
05

COP29 LOCATION AND UPDATE ON THE S.A PAVILION SPACE

COP29, BAKU, AZERBAIJAN



[Website: COP29 Azerbaijan - United Nations Climate Change Conference]()

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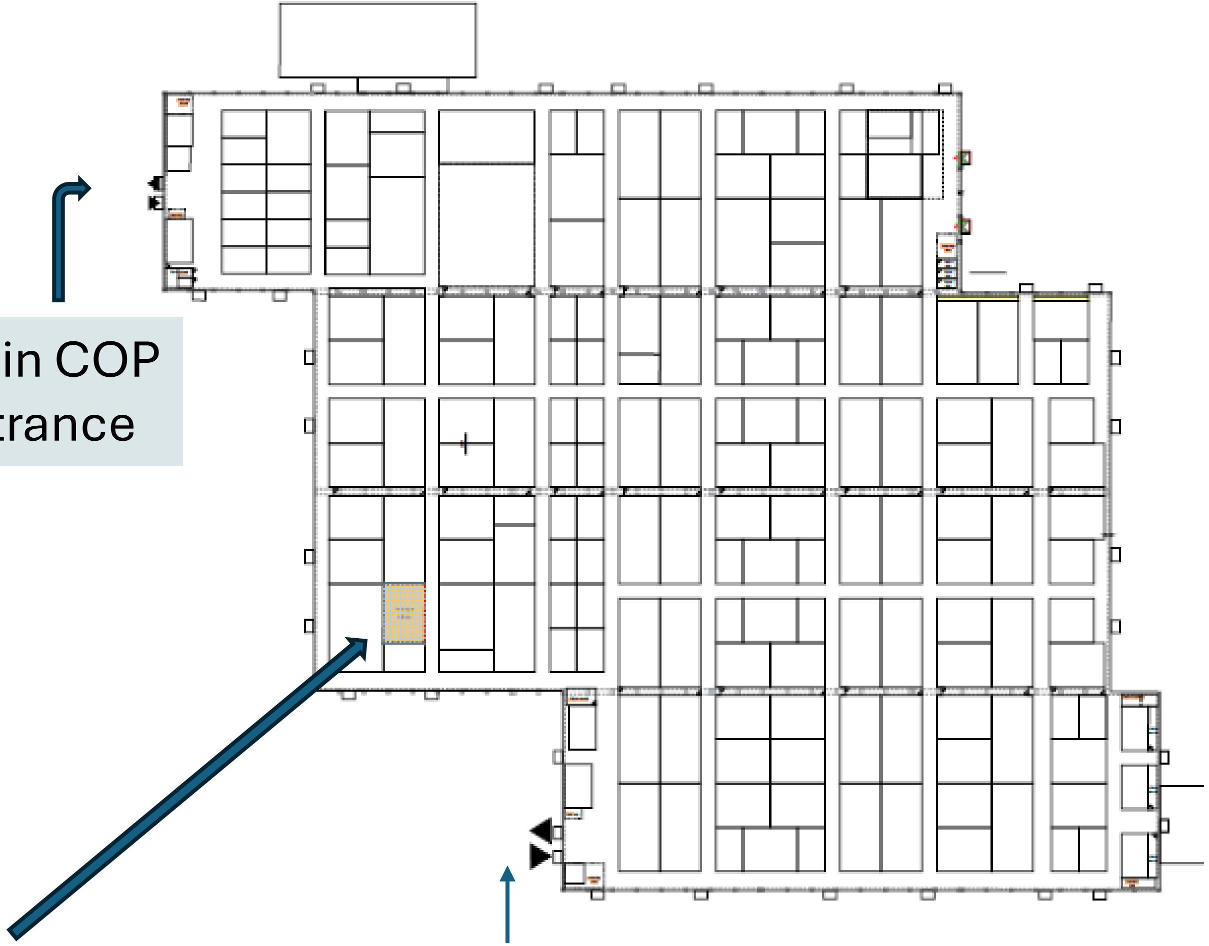
SOUTH AFRICA PAVILION



Main COP entrance

Negotiation and plenary entrance and exit

SOUTH AFRICA PAVILION

- With sponsorship raised to date we can afford a pre-designed pavilion

- At this stage no hybrid and livestreaming packages – all events will have to be in person

- At this stage no videography and photography

Nonetheless, will make bring the SA look and feel to the SA Pavilion!!

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COP29 presents a new opportunity for South Africa to demonstrate leadership - as a developing country showing that implementing the Just Transition is possible.

And for business and others to mobilise further investment to unlock this opportunity.

THANK YOU

To participate as a sponsor for COP29 contact bhavnad@nbi.org.za