



**SUSTAINABILITY TECHNICAL COMMITTEE (STC)
2022 UNITED NATIONS CLIMATE CHANGE
CONFERENCE- (COP27) - REFLECTIONS**



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1. What is COP?

The 27th United Nations Conference of the Parties (COP) took place in Sharm El Sheikh, Egypt from the 6th to the 20th of November 2022. In attendance were over 90 heads of state and representatives from 190 countries, amongst over 30,000 delegates in total. The COP summit provides a platform for global climate discussions and acceleration of actions through scaled-up adaptation efforts, enhanced flows of appropriate finance and emissions reduction commitments. The genesis of COP was at the United Nations Framework Convention on Climate Change (the Convention or UNFCCC), which is an international treaty which acknowledges the existence of climate change and provides the framework for climate change negotiations to address the challenges it presents. The Convention was adopted in 1992 during the 'Earth Summit' in Rio de Janeiro, with the treaty entering into force in 1994 and 196 countries ratifying it, effectively committing to join the collective call to tackle climate change. COP is the supreme decision-making body of the UNFCCC and is made up of representatives from all parties.

COPs are a mix of international negotiation, advocacy, and networking. They attract many individuals and organisations who have an interest in climate-related issues from the public sector and non-profits. Private sector organisations also attend because environmental policy can have an enormous impact on a company's long-term planning and strategy. It can be said that the policy outcomes never live up to all the hopes of climate activists, however, far-reaching progress is made.

2. What were the objectives of COP27 and why are these themes increasing in relevance?

The main objectives of COP27 were to reaffirm the commitments made at COP26 (held in Glasgow, Scotland) and additionally, place a bigger focus on Africa and the wider developing world, as it is acknowledged that the continent contributes only a small proportion of global GHG emissions yet has, and is likely to continue to, suffer some of the most severe impacts of climate change. In this regard, the concepts of climate finance and how it can facilitate a just energy transition and the establishment a loss & damage fund were top of mind at COP27.

What was distinctly anticipated at COP27 was a report from South Africa on commitments made at COP26, in the form of a venture designed to support the Just Energy Transition Partnership between the South African, the European Union, France, Germany, United Kingdom and the United States governments. Partnering countries agreed to commit funds to the sum of approximately US\$8.5 billion over the next three to five years to bolster support for South Africa's move to a low-carbon economy and more climate-resilient society. The Just Energy Transition Investment Plan (JET IP) was established under the Presidential Climate Finance Task Team and was initially presented locally, and it included SA-focused ambitions and priorities that are aligned to global decarbonisation commitments.

The JET IP – published in November 2022 – for the initial period from 2023 to 2027, focuses on the electricity, electric vehicle and green hydrogen sectors, as well as skills development and municipal capacity with an estimated investment requirement of R1. trillion over the next 5 years.

The \$8.5-billion commitment achieved as part of COP26 from the International Partnership Group is only a stepping-stone towards realising South Africa's JET IP, with an estimated \$100 billion required to achieve the overall objectives outlined in the JET IP.



Over and above the electricity sector, the JET IP identifies the need to invest R128.1 billion in the electric vehicle industry development between 2023 and 2027 and R319 billion is budgeted to develop a local green hydrogen sector.

Whilst South Africa has yet to finalise its strategy for new energy vehicles, green hydrogen represents significant growth and investment potential for the country with a R300 billion investment pipeline already identified under South Africa's Green Hydrogen National Programme.

The distinctive Plan was well-received at the Conference, with many noting that it could serve as a framework for other countries to use and adjust according to their unique circumstances.

3. What takeaways are specific for emerging economies?

A historic milestone reached at the summit an agreement on a loss and damage fund, that was first in 2009. Closely linked to climate justice, the fund will focus on aiding and compensating vulnerable nations for 'loss and damage' from climate-induced natural disasters, some of which have already taken place in developing countries such as Nigeria, Somalia and Uganda. The details surrounding which countries will pay into the fund and the specific amounts of these payments are unclear. Negotiations relating to the fund also touched on the fact that payments and contributions need to be proportional to the challenges and damages that vulnerable countries have faced and will continue to face in the future. However, critics of the conference, including several delegates, felt that the agreement on the fund came at the cost of pushing for more stringent emission reduction targets.

Of the many thematic days during Week 1, the following environmental focus points regarding Africa were given:

- New Data on Deforestation in West Africa: a new analysis revealed that cocoa farming contributed to forest loss of 2.4 million hectares.
- 41 grassroots organisations in Asia, Africa and Latin America have formed an alliance to demand governments increase climate finance for local women's movements.
- The Resilient Agriculture Innovations for Nature (RAIN) challenge aims to convert seed-level innovative agricultural ideas that are meeting resilience needs in East Africa and scale them to sustainable business ideas of interest to private investors and funders.

Week 2:

- The COP27 Presidency launched the Action on Water Adaptation and Resilience Initiative (AWARe) to push for water and adaptation investments for the most vulnerable communities and ecosystems in Africa.
- The World Resources Institute and partners launched the African Cities Water Adaptation Fund (ACWA Fund) with the aim of channelling US\$5 billion toward urban water resilience solutions in 100 African cities by 2032.
- It should be noted that the announcement of the loss and damage fund, seen as a positive development, is offset by a lack of definitive commitment to remove coal from the global energy mix due to a variety of political and socio-economic reasons from the respective states that do still use fossil fuels for energy generation.
- "ABLC Climate Statement" - the Africa Business Leaders Coalition ("ABLC")
 - The secretary general of the UNGC, presented the ABLC Climate Statement on behalf of 50+ Africa-based companies at COP27.
 - It is a first time in history that the African business community has voiced its perspectives on climate action, focusing on unified commitments to a greener future, and what they need from the global community to make this progress possible.



4. The agenda vs outputs - what points came out with clear action plans and what was left as narrative?

Regarding the loss and damage fund, representatives from 24 countries will work together over the next year to decide what form the fund should take, which countries should contribute, and where and how the money should be distributed. The fact that there is a clear action plan is positive, however it remains to be seen whether this ambitious timeline can be met.

Regarding the role of coal and other fossil fuels and the ambition to cap global warming at 1.5C above pre-industrial levels, commitments have been made and maintained, however these are far less concrete – one of the main criticisms of COP27.

COP27 had to pave the way for clear and stringent emission reduction efforts and commitments. Scientists say holding to the 1.5C limit would require cutting emissions 43% by 2030, but current trajectories suggest they will dip less than 1% below 2019 levels by then. COP27 fell far short of providing the necessary leadership in this respect.

5. Implications of commitments and outcomes for the South African public and private sectors

It remains to be seen what the impact of the loss and damage fund will be for South Africa. In terms of the Just Energy Transition, the soft language on the use of coal in the final COP27 commitments does nothing to accelerate the phase out of coal in the South African energy mix. Coal prices are currently high and renewed demand from the global North (for example due to Germany recommissioning some of their coal fired power stations due to issues with supply of Russian gas as a result of the war in Ukraine) means that efforts to ensure a just transition and the gradual phase out of coal in favour of renewable energy technology will need to be driven locally by both the South African private and public sector.

While JET-IP was acclaimed for its theory, the success of the Plan will be in its implementation, which is reliant of the joint effort and collaboration of the public and private sectors with a clearly structured framework and allocations of responsibilities and actions needing to be taken.

A recurring theme during many of the deliberations at COP27 was the importance of public-private partnerships, especially in financing. The key solution will have to include adequate pricing of climate risks, more innovative financing instruments, and a broader role for multilateral development banks and international development finance institutions.

Overall, the Conference was criticised for not meeting some of the expectations set beforehand, particularly for developing countries, and there was a consensus on how much more effort is required given the urgency of environmental challenges. However, as far as the Just Energy Transition Partnership and the Just Energy Transition Investment Plan are concerned, it was a good outing for South Africa.