

A background image showing a close-up of several hands in business attire writing on a document with pens. The image is partially obscured by a teal banner at the bottom.

Quick Brief

A news update from the NBI on its programmes,
business leadership and issues on sustainable development.

COP21 Concludes: What is so special about the “Paris agreement”?

18 December 2015

The Paris Agreement which was concluded at COP21 last Saturday has been greeted with huge acclaim from politicians, scientists, civil society organisations and business. The agreement has widely been hailed as “historic” and “ground breaking”. There are however dissenting voices saying that it is not a sufficiently strong agreement and has not reached the levels of ambition needed. So which is it?

The Paris Agreement is historic in the sense that all 194 nations agreed to a single, legally binding agreement. Diplomatically this is remarkable. Not only did the agreement include all signatories to the UNFCCC Convention, but its architects acknowledged the influence of non-state actors -business, civil society organisations, provinces and cities - who all expressed the need for greater ambition and pledged their support.

South African companies engaged by making commitments through We Mean Business, taking excellent, consistent action (recorded by the NBI through our work with the CDP) and expressing support to our Government. The South African delegation deserve great praise, for their leadership role within the G77 and Africa groupings, their engagement with business throughout the year, and their willingness to include South Africa Incorporated in Team SA meetings during the COP in Paris. Let's also not forget that it was in Durban at COP17 in 2011 that we were put on the path towards a single agreement.

The agreement also managed to find a formulation that adequately described the role of developed versus developing countries - the “differentiation” issue. Essentially developed nations must continue to take the lead but developing nations acknowledge their contribution, in line with their capabilities, and all parties must take action. Linked to this is the idea of “transparency”. The establishment of universal rules for monitoring, measuring and verifying emissions in such a way that comparability between countries can be achieved. This will allow achievements in relation to global emissions reductions to be measured and assessed providing clarity and transparency on the extent of emissions reductions achieved.

What the agreement provides then is a binding framework where all countries have agreed to take action proportionate to their ability and agree to ratchet up their ambition. It is the combination of a long term goal, transparency, and a revision mechanism where countries agree to drive greater degrees of ambition every 5 years that provide the planet with a fighting chance of staying below 2 degrees and the hope of staying below 1.5 degrees by the second half of the 21st Century.

Economically the signal is decisive. All countries agree that we need to move to a lower carbon development path. Our traditional models of production and consumption will shift over time to adjust to the economic transition that will underpin this. The opportunity for business, with strong signals, global market support and technology, finance and capacity building for developing countries is enormous.

The Economist puts it like this: “And yoked to the political progress is an economic transition. Perhaps the most significant effect of the Paris agreement in the next few years will be the signal it sends to

investors: the united governments of the world say that the age of fossil fuels has started drawing to a close.”

In general terms the agreements on finance do not provide us with enormous detail but agreeing a floor of US\$100 billion to be provided for climate investments from 2020 is important. On top of this negotiators agreed to establish by 2025 a new target for scaling up climate finance. This does not yet provide us with the guarantees that will ultimately be required, or with the comfort that we will see increased financial flows, however the intent is positive. The way forward has also been paved for voluntary cooperation between countries on carbon markets. While this process is underway in any case, it is to be watched with interest. More encouraging is that the Agreement does give priority to and recognition of adaptation. This is a particularly important issue for us as part of the Africa Group and the acknowledgement, albeit in a limited form of the need to address loss and damage caused by climate change is equally important.

What is clear though is that without implementation this agreement will make no difference. The commitment from global governments has never been so strong and the influence and support of non-state actors never been so significant. As individual governments around the world start to implement the economic transition promised by the Agreement, the opportunity is for business to take its place as an implementation partner alongside government.

On a final note, thank you to the companies who supported the NBI and We Mean Business this year. We believe that the business sector played a significant role in creating the momentum that resulted in the Agreement being struck and we are proud of the South African contribution. We proceed on the basis of the foundation and the hope sparked in Paris, but with much work ahead.

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Business Action for Sustainable Growth

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