



31 March 2021

COP26: Credibility and our Nationally Determined Contribution (NDC)

The **National Business Initiative (NBI)** believes there is a real opportunity for South Africa to access long-term trade and capital as the global economy transitions to net-zero by 2050. To date, 9 of the largest economies in the world have committed to net-zero by 2050 and are looking to secure low carbon goods that can help them meet those goals. We see parallel commitment and activity from the global private sector.

To access these new markets and capital, South Africa needs to position itself as a credible market. To be credible, South Africa must show similar levels of ambition, demonstrate what needs to be done and what international support is needed to achieve this outcome.

South Africa's ambition is signaled through two Paris Agreement requirements: The Nationally Determined Contribution (NDC, the country goal) and the Low Emissions Development Strategy (LEDS, or action plan). Unfortunately, neither of these documents, as they stand, demonstrate the optimal level of ambition to attract trade and investment. They can, however, be enhanced to realise this goal.

The Department of Forestry, Fisheries and the Environment (DFFE) **launched the updated NDC** for consultation on the 30 March 2021 and has announced that public consultations on the NDC will be open between end March and May 2021. The NBI, together with our **Alliance for Climate Action (ACA)** partners, will be hosting several sessions on the NDC, what it is and its ambition potential.

It is important that companies engage on the NDC, working through BUSA for scaled impact. The NBI will also host a member only briefing session, as well as release a guidance note on the NDC and potential ambition. To prepare our members and stakeholders to engage constructively in these consultation processes, we will be holding the following events:

1. **NDC Workshop for Cities with the ACA** on 8 April 2021 @ 9:00 - 11:30 (Alliance for Climate Action (ACA) member cities and affiliated cities)
2. **NBI NDC Capacity Building Workshop for Business** on 20 April @14:00 - 15:00 (NBI member companies)

3. **NDC Workshop for Business with the ACA** on 21 April 2021 @ 10:00 - 13:00 (for Alliance for Climate Action (ACA) member companies)

4. **Private Sector Engagement on Enhancing NDC Ambition** on 28 April 2021 @ 10:00- 11:30 (public event)

Of course, the credibility of enhanced ambition in an NDC and LEDS is dependent on underlying national level policy, especially in energy. Any enhancement of our ambition needs to flow through to national level policy and plans.

COP26 at the end of 2021 is a major opportunity to present South Africa's long-term plans and ambition, positioning South Africa as a major investment destination. It is incumbent on business to support enhanced ambition in terms of these government submissions.

Business' ability to support enhanced ambition is dependent on their credibility. To enhance this credibility, we need to make similarly bold commitments and back them up with clear action. The NBI is therefore asking our members to:

- Sign the **Alliance for Climate Action** net-zero commitment statement (a partnership with WWF and C40)
- Engage with the **NBI Transition Pathways project** as we attempt to determine what it will take for us to reach net-zero by 2050 (sector by sector)
- Support the **South African pavilion at COP26**, where we hope to take specific investment opportunities to the international community

The finer points relating to business credibility apply to setting targets and then taking actions to meet these goals. We recommend setting and verifying a Science Based Target through the **SBTi** and disclosing your climate actions through **CDP**. The next step is working with the NBI and others to identify specific implementation opportunities and start moving us towards a net-zero, competitive economy. Once corporate and government ambition are aligned, we can draw on the wide range of global support and trade opportunities available.

In conclusion, credibility is earned through **two** actions:

Making bold leadership commitments AND
Backing those commitments up with action.

Business needs to enhance its credibility in order to positively influence ambition in the NDC, which is critical in attracting investment and accessing opportunity. It starts with us.

For more information, please contact Steve Nicholls (steven@nbi.org.za) or Reitumetse Molotsoane (RietumetseM@nbi.org.za).

This is the first article in a series of Quick Briefs that helps describe what the NBI is doing to support our members in enhancing economic competitiveness in relation to climate change.



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The National Business Initiative (NBI) is an independent and voluntary coalition of South African and multinational businesses launched in 1995 by the then President, Nelson Mandela.

NBI Website: www.nbi.org.za

Email: info@nbi.org.za

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