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## Post COP27 Outlook - South Africa needs to get going on the transition to a low-carbon economy

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One thing is clear now the latest round of United Nations (UN) climate change talks (COP27) has ended: South Africa needs to rapidly change its energy economy. What does this mean for South Africa's economy and Business in particular?

Our country has made a commitment to the international community to shift from one of the most carbon-intensive economies in the world to be a leading net zero, resilient economy, guided by science and equity and in support of the Paris Climate Agreement; but the world is changing rapidly and we must make this transition fast, or be left behind.

In short, South Africa aims to reach net zero emissions by 2050 through a Just Transition. It is on the back of this stated goal by South Africa that the Just Energy Transition Partnership (JETP) between South Africa, the European Union, the United States, the United Kingdom, France and Germany – the International Partners Group (IPG) – was formed at the UN climate talks in 2021. A Just Transition demands a deliberate and managed switch to a net zero economy that does not leave behind workers, communities or business.

To fulfil our promise and realise the potential of the enormous opportunities to grow the South African economy in an inclusive and competitive way, we must drive and coordinate comprehensive change. There is an urgency –

we must act decisively and quickly, to attract the further investment and support the need to fund such a transformational shift.

While the global talks were continuing at Sharm El-Sheik Egypt, President Cyril Ramaphosa presented a R1.5-trillion Just Energy Transition Investment Plan (JET IP) that was endorsed by the International Partners Group (IPG). This sent a strong signal that the time to act is now and that ambitious, credible action must be met with international investment and support.

South Africa needs to make this transition work, or risk losing up to 50% of its export value as our trading partners, mindful of their own climate change pledges, align trade and commerce to reflect their net zero commitments. Next year, the EU is expected to impose significant tariffs on goods coming into the Union from territories that have a high-carbon economy and have effectively banned the sale of new petrol and diesel cars from 2035. Last year, China declared it would not fund new coal-fired power stations beyond its borders.

Post COP27, limiting global warming is not the only imperative. We are increasingly unlikely to limit warming to the 1.5°C specified under the Paris Agreement. We now need to learn to adapt. In sub-Saharan Africa, which is warming at twice the global average, we must fund adaptation measures to ensure resilience across our various systems. Significant funding and investment are required to not only make the just energy transition but to develop resilience to a changing climate and to protect our citizens and economy from the worst effects of climate change.

While the COP27 talks did not deliver the commitments required to keep global warming within 1.5°C above pre-industrial levels, we did see important shifts in the global conversation, particularly around loss and damage as well as adaptation.

Biodiversity featured explicitly in the formal climate talks and the importance of a just transition from a high-carbon to a low-carbon global economy was elevated in the COP27 cover decision. Undoubtedly, the largest shift was the historic decision to establish a loss and damage fund, for those nations most vulnerable to the impacts of climate change. This has long been a contentious point, on which much progress has now been made with the agreement to establish this fund.

What South Africa's public and private sectors do to transition to a low-carbon economy, and how quickly they do it, counts now more than ever. The National Business Initiative (NBI)'s research indicates that the country needs to invest R6-billion to decarbonise the economy by 2050, based on a defined series of sector level pathways in a manner that is just, leaves no one behind, and simultaneously addresses our high levels of poverty, unemployment and the great inequality divide.

The JET IP is truly historic and is recognised worldwide. Other developing nations are exploring and actively engaging South Africa to learn what led to the partnership in the hopes that they can secure similar agreements for themselves. The magnifying glass is firmly set on South Africa as the blueprint to follow to enable a net-zero economy by 2050 in advanced middle-income economies like our own.

With our research partners, Business Unity South Africa (BUSA) and the Boston Consulting Group (BCG), the NBI has identified three sectors that must anchor the huge change we need: renewable energy; new energy vehicles, including electric vehicles, and green hydrogen.

The next steps are for South African business to stand together behind a net zero and resilient economy and to continue to work collaboratively with the Government and other actors to drive this shift. This work is critical for South Africa's economic survival and societal cohesion and holds within it the enormous potential to turn our

fortunes around. We can do this in a way that helps individuals to upskill, or reskill, to take part in a new, greener, healthier economy that can create the jobs we so desperately need and set us on a pathway to success.

It can be done, but ensuring South Africa reaches its goal of a net-zero economy by 2050 will require firm and visionary leadership, exceptional and sustained coordination and technical expertise. The government cannot do this alone, and there is large scope for business, as a central part of society, to make this transition happen successfully. We cannot wait. Let us work together to make this happen.

**\*Joanne Yawitch was NBI's CEO during COP27 and at the time of writing. After more than a decade at the NBI, Joanne will be moving on as NBI CEO.**

**Note: This opinion piece has been published in the Mail and Guardian.**



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