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BUSA Position on COP29

COP29 arrives at a pivotal time when all regions are grappling with the increasingly evident impacts of climate change. This is compounded by heightened geopolitical tensions, trade disputes, and growing divisions between Parties over issues such as carbon border taxes, especially between developed and developing countries.

Many nations are constrained by limited resources, hindering decisive climate action. Developed countries, in particular, have faltered on their financial commitments, with attempts to reframe climate finance discussions.

Priorities for Developing Nations

A central concern for developing countries is securing:

- Adequate, predictable, and at-scale support for implementing climate actions and just transitions.
- Recognition of the right to development and the necessary development space to achieve these goals.

COP29 serves as a key platform for advancing UNFCCC negotiations while opening space for broader conversations about transforming the global financial architecture. This includes reforming Multilateral Development Banks (MDBs) and International Financial Institutions (IFIs) to better support sustainable development.

Quality Finance: A good New Collective Quantified Goal (NCQG)

The NCQG is must to be larger and more comprehensive, reflecting the actual needs of developing countries for both mitigation, adaptation, loss and damage (L&D) efforts and just transition pathways. The new goal must include scaling up financial resources, while ensuring that funds are adequate, predictable, and aligned with the needs of the most vulnerable nations.

While BUSA strongly supports the principle that developed economies must provide financial, technological, and capacity-building assistance, we stress that this support should not place undue financial burdens or impose unjust conditions on developing countries. Crucially, climate finance should not exacerbate current developing country debt crises.

Current climate finance flows have been insufficient and non-additional, shifting the disproportionate cost of climate action to developing economies despite their limited fiscal capacity. Recent proposals for cross-border tax adjustments—targeting goods imported from developing countries to fund developed country climate obligations—are particularly concerning.

From BUSA's perspective, climate finance must be concessional, primarily grant-based, and free from conditionalities. This approach would enable countries, like South Africa, to launch beneficial projects and attract private-sector investments.

Estimates for adaptation costs in Africa range between USD 259 to 407 billion by 2030, with an annual average need of USD 26 to 41 billion. We believe a new, scaled-up, quantified long-term financial goal is essential, based on the needs of developing countries and underpinned by a collectively negotiated roadmap.

Developed countries must fulfill their financial commitments under Article 9.1, including the $100 billion per annum target. Failing to meet pre-2020 commitments has eroded trust amongst parties and in the multilateral process, and future support must be new and additional, avoiding repackaging existing funds. Developing countries cannot be expected to resort to loans with onerous conditions, which infringe on policy space and worsen the debt crisis.

Adaptation: A Priority for South Africa

BUSA welcomes global efforts to address adaptation gaps and supports the ongoing process to define a Global Goal on Adaptation (GGA). For South Africa, adaptation is a national priority, requiring substantial resources to build capacity and reduce vulnerability in the face of climate impacts.

The private sector, heavily impacted by climate risks such as extreme weather, also requires strengthened adaptive capacity. These measures are essential not only for industry and supply chain resilience but for the well-being of workers, communities and ecosystems facing the brunt of climate change. Business in South Africa strongly supports the inclusion of a set of indicators relating to the strengthening of adaptive capacity within the private sector in developing countries with significant physical climate risk.

Just Transition: Ensuring Social Equity

The 'just' aspect of the Just Transition has not yet received sufficient international attention. South Africa must take the lead in defining its unique transition, ensuring alignment with our national interests, development goals, and access to finance. Flexibility is needed to support small, medium, and micro enterprises (SMMEs) in this transition.

If leveraged effectively, the Just Transition offers an opportunity for a net-zero future that promotes sustainability, inclusivity, and prosperity. Given South Africa's urgent national priorities, especially around energy security, we emphasize the need for international partnerships that provide both financial and non-financial support. A value-chain approach is essential, considering affordability, market access, and meaningful participation from local businesses and SMMEs, in order to unlock investment and inclusive growth in existing and new green industries.

Nationally Determined Contributions (NDCs): A Balancing Act

For the private sector, there is recognition of the importance of enhancing NDC ambition in a responsible manner. This can be achieved by implementing the agreed national emissions trajectory within the ranges specified in the NDC while refining just transition pathways. These must be supported by clear financial flows and strategies that address socio-economic challenges.

At the same time, increasing NDC ambition must be done thoughtfully, considering national circumstances and national climate risk, including energy security and economic stability. Enhancing South Africa's NDC should be approached cautiously, given the country's developmental challenges, as well as climate vulnerability (physical and transition- related), as decisions taken lightly could have profound economic impacts in the medium and long term.

The lower bound of South Africa's NDC range is already acknowledged internationally as a fair and ambitious contribution, signaling our commitment to addressing climate change despite domestic challenges. On adaptation, there is a pressing need to define a national adaptation goal with specific metrics for tracking progress, where the private sector can play a pivotal role through investments in adaptation initiatives.

Moreover, the NDC should highlight technology and capacity gaps, presenting opportunities for private sector involvement in technology transfer and innovation. Key gaps include the technical capacity and financial resources to undertake project preparation and derisk innovative solutions.

Additionally, clear monitoring and tracking of progress of commitments against the Paris Agreement as compared to current baselines will help demonstrate the progress made through mitigation actions, reinforcing South Africa's role in global climate efforts.