SOUTH AFRICA AND THE DURBAN COP17 NEGOTIATIONS

A Summary Proceedings Report

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INTRODUCTION

With the 17th Conference of the Parties (COP17) of the United Nations Framework Convention on Climate Change (UNFCCC) to be held in Durban, South Africa has to balance the tasks of representing diverging interests, hosting the Conference and ensuring satisfactory processes. This role was the focal point of a discussion forum hosted by the Institute for Global Dialogue (IGD) on 18 October 2011 at the Burgers Park Hotel, Pretoria.

The discussion forum was aimed at evaluating the role of South Africa in the Durban negotiations from various perspectives. Due to the effect of climate change agreements on economic growth and development, businesses are active stakeholders in the negotiations and, therefore, have an interest in the negotiations process and outcome. As host of the Conference and incoming COP President, South Africa is faced with representing the interests of myriad national stakeholders such as government, business, and civil society at the negotiating arena, as well as representing global stakeholders such as the African region and the Least Developed Countries (LDC). In addition, South Africa's role as host includes addressing the logistical requirements of this global event. This summary proceedings report sets out the main arguments of the two speakers from the dialogue and then highlights the questions posed in response to the presentations.

Summary Points

- Climate change negotiations and the risks for business.
- Business interests in the period leading to Durban.
- The need for business to prioritise adaptation among their interests.
- South Africa's challenge as host in facilitating the operationalisation of:
  - A framework for adaptation
  - Green climate funding
  - A technology mechanism
- South Africa's challenge as host in dealing with cost implications and logistical arrangements.
- South Africa's opportunity as host to:
  - Raise national environmental awareness

- Showcase South Africa and Africa
- Illustrate South Africa's positive engagement in international negotiations.

- African interests in the climate change negotiations.

THE ROLE OF BUSINESS

Prof. Godwell Nhamo

Business responses to climate change are informed by the need to acquire profit. Their interest in the climate change negotiations is moulded by a need to minimise the risks and maximise the opportunities associated with profit-making.

Business primarily seeks ways of reducing greenhouse gas (GHG) emissions with the least possible damage to their proceeds. Hence, innovations aimed at greening South Africa's economy serve business interests. Obtaining finance from international financial institutions to fund GHG-reducing projects similarly presents an opportunity for the business sector to limit the impact of GHG reduction on their profits. Stakeholders are primarily represented by the mining and energy sectors from business.

At the same time, business seeks to avoid a threefold set of interrelated risks, as far as climate change is concerned. These include regulatory, reputational and physical risks. These risks all constitute financial dangers for businesses. Firstly, the regulations governing GHG emissions may potentially narrow profit margins. Secondly, natural disasters, such as floods, result in the loss of lives and could inflict physical damage on industries. Finally, reputational risks should be taken into account, due to the fact that consumers may abandon a particular brand if it is associated with large-scale environmental damage.

As a result of these risks, business seeks to influence negotiators in order to achieve favourable outcomes. Because they carry the burden of carbon emissions, investment in renewable energy for business is paramount. As a result, business cannot be sidelined from the negotiations.

The role of business in the climate change negotiations should constitute a prominent focus on adaptation, since this applies to Africa. Government and business should cooperate to ensure sustainable positive outcomes. Partnerships between the two would assist government in addressing climate change and keep business informed of the climate change agenda.

Questions & Answers

Q: What are the concerns about the growing IMF and World Bank role in climate finance and do calls for World Bank reform have any bearing on the legitimacy of their role in climate finance?

A: The World Bank is now the trustee of the Green Climate Fund; however, its official protocols in releasing funds continue to exist. This may result in delays in the issuance of funds. The World Bank also continues to apply its risk assessment tools in the allocation of funds. These technical aspects may adversely affect the funding of green projects. Calls for reform are based on the fact that voting within the World Bank is largely undemocratic and dominated by the G8. The legitimacy of the World Bank as a custodian of the Fund surfaces due to this. There have thus been calls to have the Global Environmental Facility (GEF) as custodian of climate finance.

Q: What can be expected from business given the need for their responsible leadership in the reduction of GHG emissions?

A: Businesses have done plenty to move towards a green economy and carbon neutrality. They have pushed for access to finance to promote a green economy. They are developing technology to reduce GHG emissions. The regulatory environment for businesses remains a problem and this could jeopardise the investment credibility for businesses wishing to move towards GHG emission reduction projects.

Q: It was said that the Kyoto Protocol is not coming to an end. What continues to keep it ongoing if not the commitment period?

A: Aspects such as finance and mitigation remain important despite the expiration of the first commitment period of the Kyoto Protocol. The Kyoto Protocol remains an instrument of the UNFCCC. The Protocol facilitates the implementation of the UNFCCC. Signals are that the Protocol will be abandoned. A gap between the first and possible second commitment period for the Protocol seems quite likely given the limited space of time. Questions arise concerning the rules that should govern global GHG emissions during this gap.

CHALLENGES AND OPPORTUNITIES AS HOST OF COP17

Dr Marie Parramon

As host of COP17, South Africa's role includes its ability to successfully negotiate within the multilateral forum, but expands to incorporate the demands of facilitating a global summit with 194 government representatives. In order to balance the demands of both aspects of its role, the South African government has split its responsibility as host from that of its responsibility as negotiator in the United Nations Framework Convention on Climate Change (UNFCCC) framework.

In order to meet the demands of successfully hosting and representing South Africa, two separate government departments were tasked with different responsibilities. As the department most familiar with international delegations, the Department of International Relations and Cooperation (DIRCO) was given the responsibility of handling all logistical arrangements for the conference. The Department of Environmental Affairs (DEA) was tasked with leading negotiations in COP17. The DEA is to ensure that all South Africa's interests at the national, regional and global level are well represented in COP17.

Balancing the competing interests at these climate change negotiations is critical for South Africa as host of COP17. Some of these include Africa, G77, BASIC+ and BRICS. Balancing diverse interests within African states such as the African Union and New Partnership for Africa's Development (NEPAD) is also what South Africa must contend with. Lastly, balancing South Africa's dual role as host and negotiating party is vital.

While COP17 is a party-driven process with different actors, South Africa must enable certain achievements in this process. The challenges for South Africa in hosting COP17 include obtaining a framework for adaptation, a design for green climate funding, significant progress on the technology mechanism for operationalisation by 2012, agreement on reducing emissions from degradation and deforestation, and a national framework for reducing South Africa's carbon footprint. Other challenges include the cost of the conference and the logistics of organising it.

Opportunities involved in South Africa's hosting COP17 include the raising of awareness on environmental issues in South Africa, the chance to showcase the country and the continent, and to demonstrate South Africa's engagement in climate change and in international negotiations. Other opportunities involve the possibility of creating business opportunities and for building strategic partnerships.

Questions & Answers

Q: Does a common African position exist?

A: Africa battles to speak with one voice, despite the fact that the African Ministerial Conference on the Environment (AMCEN) has a declaration from African leaders. This declaration gets watered down due to the diversity of interests among African states. Beyond this, the existence of various official negotiating African groups diversifies Africa's position. Groups such as the Least Developed Countries (LDC), Small Island Developing States (SIDS) and the G77+ China all have a voice within the African group. This makes it difficult for Africa to speak with a single voice.

Q: To what extent does South Africa harmonise its climate change-related national interests within cooperative governance?

A: South Africa lacks a cohesive approach to addressing its national interests. The Green and White Papers on climate change do not clarify this approach. A lot needs to be done to enhance South Africa's cohesiveness in addressing climate change within various spheres of government.

Q: Africa seems to be getting nowhere in the negotiations. Could it be due to the limited ability of negotiators?

A: African states have limited numbers of negotiators. A country like Brazil can afford to bring a team of approximately 270 negotiators, while the entire African continent can bring in only 100. It is impossible for Africa to make a significant impact on the negotiations, given the fact that they are thinly spread. Any COP is about two weeks long. African negotiators decide which negotiations they can attend. Numbers and abilities come into play in this regard.

CONTRIBUTORS' PROFILES

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Godwell Nhamo is an Associate Professor and Programme Manager for the Exxaro-sponsored Chair in Business and Climate Change. The Chair is hosted by the Institute for Corporate Citizenship that falls within the College of Economic and Management Sciences (CEMS) at the University of South Africa. Professor Nhamo holds a PhD from Rhodes University and did his post-doctoral work at the University of Witwatersrand (both in South Africa). Professor Nhamo has interests in business and climate change, global climate change, climate policy negotiation regimes, as well as general environmental management and policy. Some of Professor Nhamo's current responsibilities are teaching, research and training in corporate citizenship, sustainability sciences, climate policy, and the green economy as well as business and climate change.

Dr Marie Parramon

Marie Parramon is a senior sustainability legal consultant at IMBEWU Sustainability Legal Specialists. She has obtained the equivalent of an LLB in Judicial Law in France and the equivalent of an LLB in Business Law in Scotland. She also successfully completed a Master's in Environmental Law at the University of the Western Cape, during which she developed expertise in marine pollution law. Dr Parramon has successfully completed her LLD on the regulation of land-based marine pollution in South Africa and France. In addition, she has a certificate in marine pollution management from the international ocean institute (SeaTrain Coast Program), a certificate in organisational sustainability (from Imprint Sustainability Academy) and a certificate in project management and public relations. Through her academic and practical experience, she has developed specific knowledge and expertise in national as well as international environmental law and management, including in the areas of climate change, EIA, waste management, marine and coastal law, EMS, environmental risk assessment and environmental liability. Since joining IMBEWU, Dr Parramon has primarily been involved with the Climate Change and CDM Legal Specialist Consultancy Unit.

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The Institute for Global Dialogue (IGD) is an independent South African-based foreign policy think tank dedicated to the analysis of, and dialogue on the evolving international political and economic environment and the role of Africa and South Africa. It advances a balanced, relevant and policy-oriented analysis, debate and documentation of South Africa's role in international relations and diplomacy.

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