



9TH CONFERENCE ON CLIMATE CHANGE AND DEVELOPMENT IN AFRICA (CCDA-IX)

Theme: Towards a just transition that delivers jobs, prosperity and climate resilience in Africa: leveraging the green and blue economy

Santa Maria, Sal Island, Cabo Verde

13-17 September 2021

A BUSINESS ROUNDTABLE

The role of the African private sector in the transition to low-emission, climate-resilient, green growth and NDCs implementation

INTRODUCTION

The Paris Agreement underscores the important role of Non-State Actors (NSAs), particularly the private sector in the implementation of the key provisions the landmark Pact adopted in 2015, such as the Nationally Determined Contributions, adaptation, mitigation and finance. While at the global level, particularly in the North, there is marked increase of private sector engagement in climate interventions, there is a rather slow involvement of the African private sector in climate actions occasioned by reasons ranging from absence of favourable appropriate policies and investment risks.

This is despite the IPCC's report that the region is expected to suffer the worst consequences of climate impacts, and the nascent African private sector is viewed as a potential source of closing the green investment gap by mobilizing private finance through the targeted deployment of public finance. The AfDB envisaged that 75% of the estimated \$1.2 trillion total cost of African NDCs is expected to come from the private sector, underscoring the critical role of the sector in the overall climate governance.

And since addressing climate change is key to managing business risks and ensuring long term returns on investments (Carney (2015), businesses are at liberty to promote greener behavior across the entire production and supply chain. Investors and banks should robustly think about promoting climate proof infrastructure, while business owners and entrepreneurs should provide the skills and knowledge to innovate clean technologies and resource efficiency.

It is crucial to reform policies and incentives to give the right signals to investors, providing a strong enabling framework for investing. In parallel, private sector investment can be achieved by using a range of proven instruments and mechanisms to help reduce the cost of capital and investment risks.

PACJA in conjunction with the Clim-Dev Africa is organizing a business roundtable on the role of African private sector in the transition of low carbon development, green growth in the context of the NDC and sustainable development at the CCDA-IX.

The rationale for this side event is to bring the private sector, government representatives, development partners and civil society to reflect on climate related investments that would support NDC implementation, green investment opportunities and linkages of the NDC and global transformational reforms for green development in Africa.

The private sector business community operates within a form of the built environment or other. This has been identified as a low hanging fruit in business transformation towards carbon mitigation. The International Energy Agency estimates that over 40% of the emissions cuts needed to reach global climate goals can be achieved through energy efficiency. (<https://www.theclimategroup.org/ep100>). As an illustration, the participants will be introduced to the World Green Building Council Net Zero Carbon Buildings Commitment which has a total of 143 signatories, with 109 businesses & organisations, 28 cities and 6 states & regions. The businesses and organisations signed up to the Commitment now account for over 5.5 million (tCO₂e) of portfolio emissions. This signals growing global industry leadership to decarbonize the built environment and combat climate change.

Participants have an opportunity to be “first movers” practical experiences in decarbonising their operations, mobilizing green investment, promoting green private sector development, harness skills and knowledge as well as development of clean infrastructure, energy efficiency and what is becoming exceedingly important sector, the nature-based solutions (agribusiness, forestry and waste water management). They will explore ways and means of scaling climate action through climate technologies and innovation, enabled assessment of climate risks and opportunities in the NDCs and increase awareness for financial institutions to mainstream climate actions in their respective operations.

The need to communicate business benefits of addressing environmental issues (e.g. reduced production cost and cushioned climate risks), and to understand and address barriers to private sector engagement on environmental issues, require a multi-stakeholder dialogue with private sector at the center. This should be coupled with readiness to adopt best practice business models and holistic approaches that include sound policy and creation of investment hubs around environmental services, more importantly, the evolving climate action sector.

Specifically, an enabling policy environment for private sector climate investments (e.g. phasing out fossil fuel subsidies, reducing technical barriers to trade, and creating better FiTs for renewable energy technologies), will directly contribute to increased profitability from clean energy investment.

Transitioning from the current development pathways to a low-carbon, climate-resilient and green economic trajectory will require significant investment and innovation – and more importantly – a paradigm shift in the way governments and private sector make decisions, including being environmentally and climate-conscious. It is essentially important that African governments should find a way of catalyzing private sector in the continent as a way of mobilizing additional resources, knowledge and innovation to address climate change with a business mindset.

OBJECTIVES

The objectives of the roundtable will be:

- To examine and re-evaluate the role of the African private sector in supporting transformational reforms in the context of climate risks and opportunities;
- Identifying specific ways and means to scaling climate actions through finance, technology and innovations to achieving African NDCs and green growth.
- Share perspectives on appropriate policies and political aspects that increase financial inclusion for vulnerable groups, including women, youth and small and medium enterprises (SMEs) for enhanced capacities to response to climate risks.
- To raise awareness and knowledge sharing on the engagement of African private sector in the strategic climate change discourses, both in Africa and globally
- To underscore the need for Africa-to-Africa (*pursuant to Africa Free Trade Area Agreement*), South-South and north-south collaboration of private sector in climate investment benefits and competitiveness in a Post-Covid recovery.
- To discuss the commitment required from private sector in decarbonizing operation of all assets under their direct control by 2030, and to advocate for all buildings to be net zero carbon in operation by 2050. (*pursuant to the UN Net Zero by 2050 goal*).
- To discuss the possible next-steps and way forward on integrating private in the ongoing discourse on the climate-resilient economies, people and communities

OUTCOMES

1. Enhanced understanding of the role and importance of African private sector in the transition to low-carbon, climate-resilient, green economic development pathways
2. Establishment of an African Working Group on Private Sector Just Transition
3. Strengthen private sector participation and enhanced profile of the African private sector in the continent's climate action and NDCs implementation processes
4. An elaborate next-steps outlining a roadmap for private sector's active participation in NDCs implementation towards, during and beyond COP26 and COP27.