



Climate on the Agenda

Can an inclusive COP28 help accelerate climate action?

International leaders will soon gather in Dubai, United Arab Emirates (UAE) from 30 November to 12 December 2023, for the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC), better known as COP28. The meeting comes at a critical juncture for the global community, marking the midway point of the UN Sustainable Development Goals (SDGs) agenda, seven years following adoption of the Paris Agreement, and on the heels of the hottest year on record.¹ COP28 marks the first global stocktake under the Paris Agreement, a five-year progress

report towards the 1.5°C target. Early findings point to a significant shortfall in ambition and action to achieve the 43% reduction in emissions that is needed by 2030 and 60% by 2035 to maintain a Paris-aligned pathway.²

Incoming COP28 President-Designate Dr. Sultan al Jaber has emphasized ambition, pragmatism, and inclusivity.³ Preparatory discussions have focused on phasing down fossil fuels in concert with rapidly growing renewable energy capacity, with the EU, African Union, and G20 endorsing a target to triple renewable energy

capacity by 2030. Some of the challenges facing heavy-emitting sectors have also been in the foreground, illustrating the crucial role for [green hydrogen](#).⁴ Creating a future-focused policy architecture; streamlining permitting processes; and scaling up of financial resources to help drive innovation, technology advances, and infrastructure development continue to be fixtures of the COP28 agenda. The talks aspire to more broadly integrate private sector and civil society perspectives—including youth—but it remains to be seen if the outcomes will match the ambitious rhetoric.



What to expect: Six challenges to watch

COP28 will likely be underscored by a sense of urgency for solutions, a desire to accelerate action, and a need to tangibly shift from discussion to implementation. Critical challenges to watch include:

1. The global stocktake

The first comprehensive assessment of progress toward the Paris Agreement's goals, it is almost certain to identify areas of progress along with gaps in ambition. Parties are poised to work to align on a roadmap to help limit global temperature rise to 1.5°C, with limited overshoot. Expect an emphasis on strengthened pre-2030 commitments, development of net-zero and nature-positive pathways, and alignment of governance frameworks with climate commitments. A central area of focus is also expected around clarifying how the green transition will be financed.

2. Phase-out versus phase-down of fossil fuels

Shortcomings identified in the global stocktake are likely to reinvigorate calls to include an end to fossil fuels in the final COP28 agreement.⁵ That position garnered strong support at COP27, with backing from over 80 countries including the United States, the EU, and India.⁶ Expect this contentious matter to again be in the spotlight. A key question will likely be whether the international community can forge consensus without derailing discussions on critical systemic challenges.

3. Enabling a just energy transition

As targets for heavy-emitting sectors and expanding renewable energy come into greater focus, so too do programs to help economic decoupling and ensure a just transition. Expect opportunities for dialogue to share country-specific experiences highlighting capacity constraints, financial needs, and the role of innovation and technology. Outcomes are likely to help inform the creation of national transition pathways which should be just and equitable.

4. Conservation and systems transformation

The role of conservation, nature-based solutions, and transformation of the food system should figure prominently. The establishment last year of the Kunming-Montreal Global Biodiversity Framework suggests integrating nature-related targets for ecosystem conservation will play an important role.⁷ Parties are expected to also discuss designing a framework for global goals on adaptation, including objective indicators, the scale-up of adaptation finance, and development of national adaptation plans.

5. Operationalizing loss and damage

Creation of the 'loss and damage fund' was a major milestone at COP27. This year, attention turns to bringing it to life through capitalization and establishment of an operational structure. Over 2023, a Transitional Committee has developed a basis for negotiations, which are likely to focus on new funding pledges, establishing procedures for including alternative sources, and determining how the fund relates to existing funding sources.⁸

6. Leveraging the opportunities

Non-Party stakeholders (e.g., businesses and civil society organizations) are increasingly engaging with COP with a solution-oriented mindset seeing opportunities provided by the green transition. Leaders understand the global

green hydrogen economy could exceed US\$1.4 trillion annually by 2050, natural gas demand is losing momentum on pathways to climate neutrality, and the cost of action increases the longer we delay.⁹ COP28 is likely to see an increased commitment by leaders in private sector, philanthropies,

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and civil society to join the dialogue, build collaborations, and develop coalitions that can enhance ambition toward a carbon neutral future.

Discussions over the course of COP28 will likely be strongly influenced by the outcomes of the global stocktake and the impetus to establish a robust net-zero roadmap. The gaps that may surface by the stocktake provide opportunities for non-Party stakeholders to offer leadership, solutions, and a vision of a low-carbon future. Private sector actors can showcase new approaches, innovations, and technologies enabling low-emission pathways to become a reality. An emphasis on inclusivity at COP28 could provide an unparalleled opening for private actors to help contribute to the conference's outcomes.

The COP28 cornerstone: Finance

Finance is among one of the foremost challenges that could underpin successful climate action going forward from COP28. Clarification of a range of finance-related questions can be crucial to help regain trust in the international system, and essential to implement and scale climate solutions.

A wide range of changes are needed across the global financial system to enable bankability of projects across the nature-climate spectrum and to rapidly scale up capital deployment.

Achieving the global goal of mobilizing US\$100 billion annually

is a first step to helping rebuild confidence in multilateral solutions. The Organisation for Economic Co-operation and Development (OECD) estimated in 2020 that all forms of climate-related finance totaled US\$83.3 billion.¹⁰ While data for 2023 is not expected to be released until 2025, senior Canadian and German officials have expressed confidence that the goal can be reached this year and are working to chart a way forward beyond the initial target.¹¹

Setting a New Collective Quantified Goal (NCQG) on climate finance post-2025

runs concurrent to discussions regarding the global stocktake and the development of a net-zero roadmap. Under the Paris Agreement, the US\$100 billion annual goal is a floor.¹² How the NCQG ratchets up and scales climate finance remains an open question. Private actors across the financial services industry can play a valuable role in helping to provide perspectives, insights, and approaches to inform and calibrate outcomes.

Scaling up adaptation finance

through both replenishments of the Green Climate Fund (GCF) and targets set by the Adaptation Fund Board can be a key in helping vulnerable communities. Many of the climate adaptation goals established during the previous two COPs hinge on strengthened mechanisms for adaptation finance.

Redirecting finance flows consistent with Paris-aligned pathways remains an ongoing process.

A wide range of changes are needed across the global financial system to help enable bankability of projects across the nature-climate spectrum and to rapidly scale up capital deployment. Transformation of multilateral financial institutions has been an area of discussion in the context of the Bridgetown Initiative to help address fiscal concerns of climate vulnerable nations, through liquidity support and debt sustainability. Private sector leaders across both financial services and the real economy can play a critical role through sharing insights, experiences, and solutions to help inform discussions, while grounding perspectives in commercial realities.

Demonstrating leadership: Opportunities for businesses

COP28 creates an opportunity for private actors to highlight progress, discuss challenges, and collectively advance initiatives to help enhance climate and nature-focused outcomes. Effective advancement of the Paris Agreement requires private actors, sub-national governments, philanthropies, and civil society stakeholders (e.g., Indigenous people and local communities, youth, and academia) to collaboratively advance crucial solutions, quickly, affordably and at scale.

Operationalizing climate finance at COP28 and beyond

crucially benefits from enhanced private sector involvement. Solutions crafted at the international level must function within the existing legal architecture, empower economy-wide transformation, and be coupled with access to appropriate technologies and capacity building. Financing the green transition while embedding nature-positive investments into climate roadmaps likely requires a whole-of-economy approach with private actors and broader civil society seeing a unique opportunity to play a pivotal role in helping forge the future.

Advancing robust, transparent, and credible climate commitments

can bolster private sector efforts to develop systematic approaches to help address climate change impacts at their organization, while actively and effectively engaging to share experiences, insights, and lessons learned. Voluntary carbon market mechanisms provide one example where companies can play an important

role to help strengthen standards for environmental integrity, traceability, and transparency. Shoring up the credibility of private sector commitments and participation could be a touchstone at COP28, but should be coupled with increased transparency to help ensure systemic trust in reporting can be nurtured.

Private sector actors can showcase new approaches, innovations, and technologies enabling low-emission pathways to become a reality.

Profiling and delivering climate-centric solutions and innovation across climate and nature are crucial to speeding the green transition. Opportunities may include accelerating decarbonization, development of new business models, applications of frontier technologies, and formulation of novel ecosystems to help enable knowledge sharing, support collective action, and ratchet up ambition. Some notable examples of topics include public-private alignment efforts around resilient food systems,¹³ low-carbon hydrogen certification,¹⁴ and multi-stakeholder dialogues around demand and procurement in heavy-emitting industries.¹⁵ The significant voice provided to private-sector perspectives at COP28 illustrates a broader shift towards increasing engagement around climate solutions.

Looking forward

As focus shifts from negotiation to implementation at scale, the international community is increasingly looking to the private sector for leadership, insights, and solutions.¹⁶ In the Nairobi Declaration, high-level delegates at the Africa Climate Summit in September 2023 recognized climate action and economic growth as simultaneous and complementary.¹⁷ As the paradigm shifts from climate-related costs and compliance to future-focused investments and opportunities, old debates over climate-related costs hold less influence in global boardrooms. COP28 provides an opportunity for the private sector to exhibit leadership, build trust, and demonstrate serious commitment through action to forging a sustainable future.

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Authors



Prof. Dr. Bernhard Lorentz
Deloitte Center for Sustainable Progress | Founding Chair Partner | Deloitte Germany
 +49 151 14881437
 blorentz@deloitte.de



Dr. Pradeep Philip
Deloitte Economics Institute Partner | Deloitte Australia
 +61 4 1621 4760
 pphilip@deloitte.com.au



Dr. Freedom-Kai Phillips
Deloitte Center for Sustainable Progress Director | Deloitte Global
 +1 647 529 6621
 fphillips@deloitte.ca

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