



# THE OUTCOMES, THE COMMITMENTS, AND THE WAY FORWARD

As COP28 comes to a close, we take a look at what two weeks of negotiating and intense discussions mean for the world's clean energy transition and its broader efforts to combat climate change.



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The first **Global Stocktake (GST)** released during COP28 is a notable achievement. Conducted every five years, this two-year process consolidates discussions from successive COPs, offering a tangible assessment of progress and areas for enhancement.

Supported by all Paris Agreement signatories, the GST provides updates on climate financing and nature-based solutions. The central goal is a collective commitment to reduce all greenhouse gas (GHG) emissions by 43% from 2019 levels by 2030, prompting countries to strengthen their climate action plans by 2025.

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COP28 saw the formal launch of a global **Loss and Damage Fund** to compensate climate-vulnerable countries in the aftermath of disasters. The fund represents a tangible commitment by developed economies to equitably share the climate burden of at-risk and exposed communities worldwide. One of the long-term ramifications of the fund is that it may spur further investment in climate adaptation efforts; building more climate-resilient global systems may prove much more cost effective as a preventative measure than spending billions into disaster relief efforts.

3

Initiated by the UAE, **130 national governments** committed to **tripling the global installed renewable energy capacity** to a minimum of 11,000 GW by the end of the decade. Additionally, they pledged to collectively double the annual rate of energy efficiency improvements from approximately 2% to over 4% each year until 2030. Major signatory countries encompass China, the US, the UK, Brazil, and all member states of the European Union (EU).

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The tangible achievements of the **Climate Loss Fund** and **tripling of renewable energy capacity** both set the stage for faster action across the remainder of the decade. Similarly, the broader pledges to transition away from fossil fuels suggest that the accepted status quo among all nations is that hydrocarbons will give way to cleaner energy sources in a steadily accelerating manner.

## MONETARY PLANS AND PLEDGES

Over **\$85 billion committed** to climate action across all COP28 initiatives and pledges. The GCF is the world's largest dedicated multilateral climate fund. After receiving another **\$3.5 billion at COP28**, it now has a **\$13.5 billion portfolio** that extends to **projects across 120 countries**. Its focus has always been to deliver projects that will help developing countries shift to low-emission, climate resilient economic setups.



The **Adaptation Fund**, the **Least Developed Countries Fund (LDCF)**, and **Special Climate Change Fund (SCCF)** all represent specialised vehicles for helping developing nations get the direct financing they need for pivotal adaptation projects. As the name suggests, LDCF supports the poorest countries in the world with their ongoing struggle to stay ahead of climate change in everything from clean energy capacity building to sustainable agriculture tech deployments.

## THE ROAD AHEAD: BOOST OF RENEWABLE ENERGY CAPACITY BUT ALSO EFFICIENCY

2024 is going to be a critical year for renewable energy deployments. COP28's agreement gave us the **Global Renewables and Energy Efficiency Pledge**, which aims for a total global installed **renewable energy generation capacity of 11,000GW**.

We started with an installed base of approximately 3,400GW, the **prospect of tripling this amount within the next eight years**, including 2023, indicates a substantial acceleration expected throughout the remainder of the decade.

2022

2023

2024

IEA believes we could double that achievement in 2024, breaking the 1,000GW barrier for added capacity. If this occurs, then we will be well on our way to **hitting a vital global pledge**, inspiring governments, industries and everyday people all over the world that the clean energy transition is indeed possible.

The International Energy Agency (IEA) estimates that **around 500GW of new renewable capacity** was installed this year, this is 73% higher than the year before.

Equally important is the "efficiency" part of the equation. The pledge requires us to collectively double the global average annual rate of **energy efficiency improvements from around 2% to 4% every year until 2030**.

2030

This will require even greater collaboration between national governments, renewable energy players and tech providers to find synergies that lead to rapid efficiency gains. Energy storage, transportation, grid connectivity, microgrid solutions – these are all areas where we need to see breakthroughs to ensure that our combined renewable energy mix goes further, rather than just looking bigger.

## CLIMATE FINANCING NEED TO GO FURTHER AND FASTER

Analysts within the UN and other leading economic thinkers are pointing towards public debt as a constraining factor on climate adaptation.

Accordingly, getting more money into climate financing efforts must take the currently high levels of public debt into account, facilitating debt write-offs, debt-for-nature deals and other financial vehicles that incentivise the reduction of debt in a manner that doesn't undermine climate resilience/adaptation efforts.

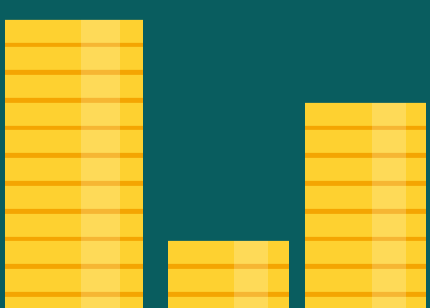
Equally, and even more bluntly, more money needs to be found for climate efforts. It must be funnelled both into specific climate action funds like the Loss and Damage Fund and the Least Developed Countries Fund (LDCF), and more generally into green bonds and broader ESG-focused mass-market products.

Climate financing is the lubricant for actionable measures that will build our sustainable climate future, from clean energy to nature-based solutions and Net Zero smart cities. In 2024, stakeholders in policymaking and the financing industry have their roles to play in encouraging the "greenifying" of global money flows.



## CARBON MARKETS

In 2024, with a definite framework needs to be thrashed out ahead of COP29. Formal agreements of carbon market rules is essential for building investor confidence and accelerating the growth of this crucial form of climate financing.



## CLIMATE ACTION BUILDS MOMENTUM, AND MOMENTUM CARRIES FURTHER CLIMATE ACTION

COP28 has produced solid, measurable agreements that have set the scene for further acceleration in 2024 and into the middle of the decade.

There was ambition on display at COP28, particularly in terms of adopting more assertive renewable energy capacity building and finding more innovative ways to finance climate adaptation. The plans, pledges and agreements from the recent COP should be seen in the context of building momentum for faster change each year. As such, 2024 will be a crucial year for expanding on the successes delivered in the U.A.E, and the seeking of breakthrough moments on key progress measurements to strengthen the world's overall climate action efforts.

