

Time to deliver: Business call to action for ambitious and investible NDCs

How governments can drive private sector investment through their climate plans¹



Governments around the world are preparing new climate plans that will guide global action over the next critical decade. Leading business groups are calling on governments, led by the G20 countries, to make sure that these Nationally Determined Contributions (NDCs) are both ambitious and investible.

NDCs matter for businesses because they can signal the stability and direction of travel of the policy environment in which companies operate. These signals are valuable for businesses planning their investment decisions over the next decade. To be effective, NDCs must send the clearest possible signal that they will be backed up by domestic laws and regulations. Ultimately, it is these concrete policies that drive business decisions and give companies the confidence to invest.

Businesses are important for NDCs because they are the engines driving the net-zero transition. Their choices of where and how to invest matter. The business voice can be powerful in urging governments to raise the ambition of their climate targets and policies. For example, through the Fossil to Clean campaign, over 260 companies with a combined revenue of >\$1.6 trillion called on governments to agree on phasing out unabated fossil fuels at COP28.² Companies are now looking for clear indications in NDCs of how each government plans to implement the outcome of the Global Stocktake, which includes goals to transition away from fossil fuels, triple renewable energy, and double energy efficiency globally by 2030.

The message coming from the business and investor community is clear: for NDCs to be investible, they must be backed up by clear and consistent policy frameworks. The new NDCs are an opportunity for all governments to drive private sector investment into climate-resilient, net-zero-aligned, and nature-positive economies that benefit all. For developing countries, they are also a means to set out their finance, technology and capacity building needs for an equitable transition.

¹ This Call to Action has been developed by the We Mean Business Coalition secretariat with key contributions from Katherine Dixon at Bain & Company and valuable feedback from the seven founding partners of the We Mean Business Coalition as well as individual companies.

² <https://www.wemeanbusinesscoalition.org/fossil-to-clean/>

The three pillars of the call to action

1

To unlock investment, this call to action urges governments – led by the G20 countries – to act across three pillars:

Put forward ambitious, 1.5°C-aligned NDCs that put governments on track to collectively achieve the goals of the Paris Agreement and deliver on the outcome of the first Global Stocktake.

NDCs should include:

- Economy-wide targets that chart an achievable, just, and inclusive path to net zero, and are integrated with national biodiversity strategies and action plans.
- Sector-specific targets, including to increase clean energy and energy efficiency, phase out unabated fossil fuels, and halt and reverse deforestation and forest degradation, in light of international commitments already agreed to. Sector targets should also reflect current technological progress and leverage climate commitments made by companies.
- Clear commitments that targets will be translated into concrete policies. This can help to scale up private investment in climate action.

2

Develop clear and consistent policy frameworks to implement NDCs that unlock the full potential of the private sector.

- At the *national level*, a clear national strategy and whole-of-government approach is needed, with political leadership at the highest level backed up by a national implementation strategy and effective cross-ministry coordination.
- At the *sector level*, tailored interventions are needed to accelerate innovation and deployment and scale up investment, with mandatory disclosure for corporates in each sector as a mechanism for increasing transparency.
- *International policy coordination* matters particularly for decarbonizing globally traded products such as steel and aluminum, and finding new mitigation solutions for other challenging sectors such as agriculture.

3

Undertake transparent and inclusive dialogue with businesses, creating an integral role for business and other affected stakeholders at all stages of the NDC process.

- *Early consultation with businesses* should be embedded within the NDC development cycle to ensure that the development and implementation of NDCs reflects the realities faced by all affected stakeholders, including the private sector.
- *Co-creation of solutions and policies* between business and government will also be needed to deliver the systemic changes required and unlock investment.
- *Effective reporting and communications strategies* are also important to explain the benefits and build support for NDCs and climate policies among constituents and within the business community.

The NDC and policy implementation cycle. The three pillars are not independent of one another and can be seen as a mutually reinforcing cycle. An ambitious and clearly communicated NDC drives stronger policy development and helps to attract private investment, which accelerates implementation. This in turn motivates governments to ratchet ambition further in the next NDC cycle, while inspiring other countries toward greater ambition.



Governments and companies must now do the hard, but necessary, work together. Listening to and working with the companies leading the transition will help to build and maintain momentum.

It is time to meet the moment. Citizens and businesses want governments to put forward ambitious NDCs and translate them into policies and plans that will turn words into delivery, and commitments into investment opportunities.