

26 November 2024

COP29 DEBRIEF:
'THE BAKU BREAKTHROUGH'

IETA

Agenda

1. COP29 negotiations summary
2. Non-negotiated outcomes & news
3. Article 6 decisions deep dive
4. Panel discussion
5. Q&A



OVERALL NEGOTIATION OUTCOMES FROM COP29

Very tense negotiations

- Walk-out of LDC and AOSIS negotiators, closure at 5.31am on Sunday
- India (followed by others) objected NCQG decision immediately after it was gavelled

Finance COP

- New Collective Quantified Goal (NCQG) on Climate Finance
 - **\$300bn/year** from "developed" countries by 2035
 - Call on "all actors" to scale up funds from "all public and private sources" to "at least" **\$1.3tn/year** by 2035
 - No explicit mention of carbon markets or specific financial instruments
- Launch of the "Baku to Belém Roadmap to 1.3 trillion"

Backsliding on transition away from fossil fuels?

- UAE Dialogue on implementing the Global Stocktake (GST) NOT adopted
- Procedural conclusion without mention of 1.5* target, GST outcomes or fossil fuels in the Mitigation Work Programme (MWP)

Little progress on adaptation and loss & damage

- Procedural conclusion on New Global Goal on Adaptation (GGA)
- No decision on Loss & Damage

The shadow of CBAM – New workplan on Response Measures to include discussions on trade-related climate measures



NON-NEGOTIATED OUTCOMES & NEWS

ARTICLE 6 IMPLEMENTATION

Norway:

- Launched NOGER (\$740mn for Art 6 activities), pledging \$100m to GGGI CTF, \$50m to ADB's CACF
- New agreements with Benin, Jordan, Senegal and Zambia

Zambia:

- Established MOUs on A6 with Singapore, Sweden and Norway.

Indonesia and Japan

- Mutual Recognition Arrangement (MRA) - first model of bilateral collaboration

Singapore, Gold Standard and Verra

- Initial Recommendations Outlining Progress in the Development of a Carbon Crediting Protocol to Implement Article 6.2

A6IP, GGGI, ICVCM, UNDP, VCMI and World Bank

- Approach to help countries developing a carbon markets strategy

World Bank LOA Templates

- MIGA launched an LOA designed to secure insurable rights which can be covered by MIGA guarantees.
- Separate LOA and Letter of Endorsement templates + guidance also developed

European Commission - Integrated Assessment for Article 6 (IAA6) project

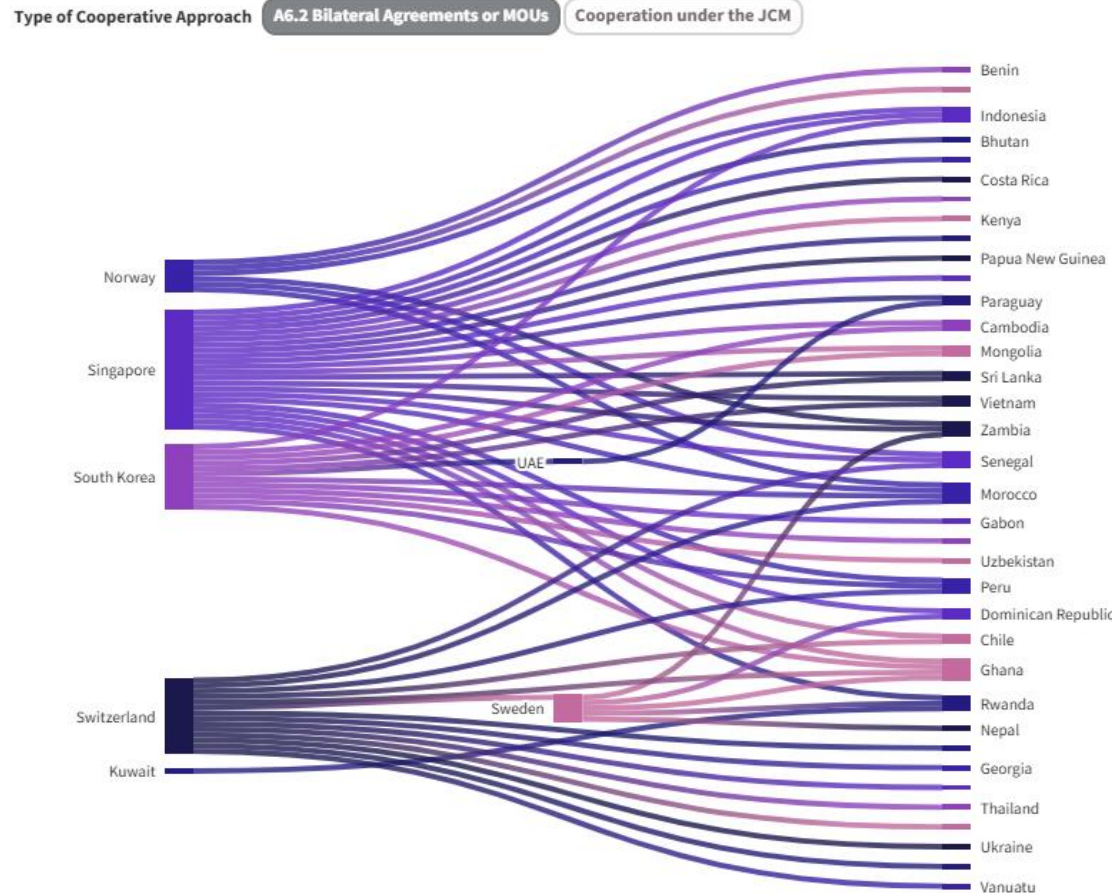
- Support to Peru, Sri Lanka and Tanzania

OTHER CARBON MARKET DEVELOPMENTS

- **Brazil:** Congress approval for the establishment of its domestic ETS, new NDC submitted
- **Saudi Arabia:** Launched its first carbon credit trading exchange
- **UK:** New NDC submitted, launched its principles for voluntary carbon and nature market integrity, pledged £239 million to tackle deforestation in countries
- **Germany:** Launched a new \$205mn call for projects through IKI
- **IOSCO:** Final Report on Promoting Financial Integrity and Orderly Functioning of VCMs
- **ICVCM:** Approved three REDD+ methodologies (VM00048, ART TREES, JNR)



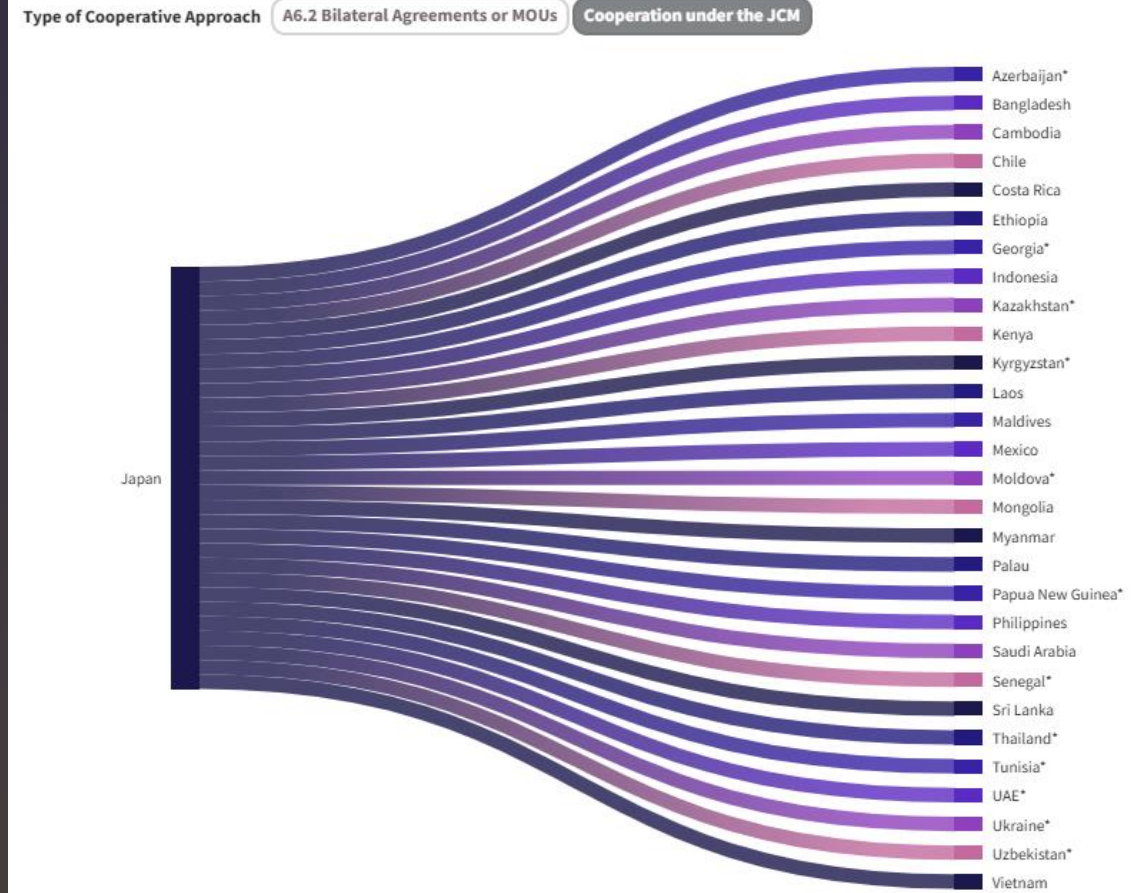
International Cooperative Approaches Detailed Landscape



* JCM Agreement is Article 6 aligned International Emissions Trading Association • Source: IETA
Last updated on 21/11/2024



International Cooperative Approaches Detailed Landscape



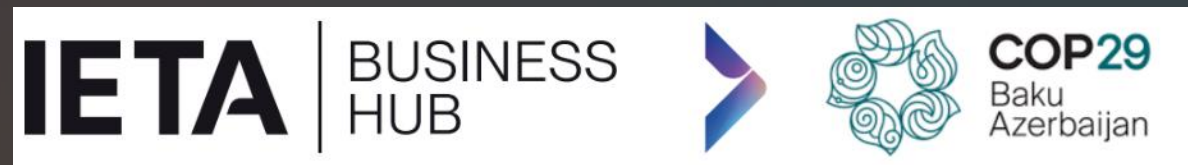
* JCM Agreement is Article 6 aligned International Emissions Trading Association • Source: IETA
Last updated on 21/11/2024



IETA BUSINESSHUB

IETA COP29 BusinessHub

- Full schedule of carbon market events for 2 weeks, covering Article 6, nature financing, CDR, energy transition, carbon pricing, VCM and more
- 42 side events hosted, hundreds of participants
- Event recordings and final COP29 report to be made available soon
- **Thank you to all partners, sponsors and participants!**

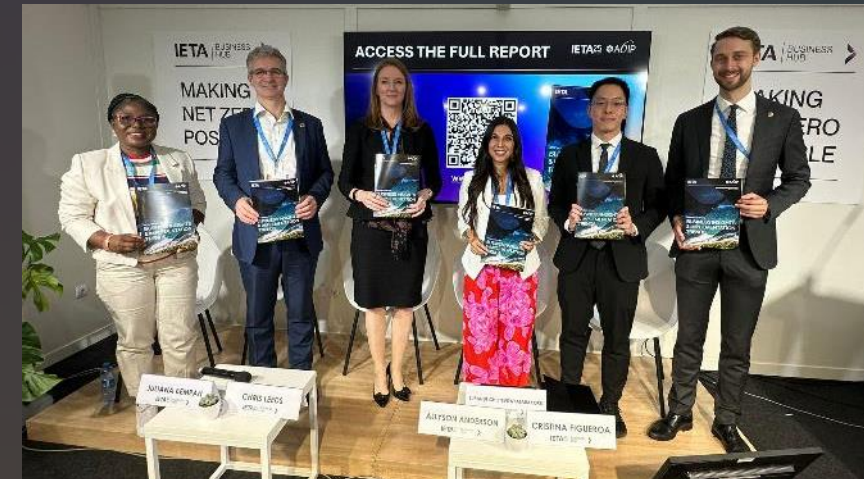


Developed by IETA in collaboration with the A6IP
100+ Private sector respondents, September 2024

KEY RESULTS:

- 1. THE PRIVATE SECTOR SEES MAJOR OPPORTUNITIES IN ARTICLE 6**, including new revenue streams, enhanced reputation and risk mitigation
- 2. 83% ARE WILLING TO PAY SOMEWHAT HIGHER OR MUCH HIGHER FOR ITMOS, AS WELL AS FOR ARTICLE 6.4 MCERs**
- 3. 70% said that UNCERTAINTY OF GUIDANCE FROM THE UNFCCC NEGOTIATIONS** is the key obstacle to effective implementation of Article 6, followed by uncertainty in host country regulations

ACCESS THE
FULL REPORT:



ARTICLE 6.4 DECISIONS

Opening plenary decision

- CMA “takes note” of standards on methodologies and removals developed by the 6.4 Supervisory Body (SBM)
- SBM to expeditiously elaborate on these standards while striving to ensure regulatory stability
- SBM to provide annual report to the CMA
- Unusual procedure, but strong vote of confidence in Paris Agreement Crediting Mechanism (PACM) and positive media coverage

Closing plenary decision

- Host country to provide authorisation statement at approval
- MCUs can be authorised at a later stage provided they are not transferred in and out of the mechanism registry (implications for SoP monetisation) – SBM to deliberate on time limit
- Interaction between 6.4 mechanism registry, 6.2 international registry and national registries clarified
- Projects in LDC and SIDS exempted from SoP (5% levy)
- Transition rules for CDM afforestation/reforestation projects



ARTICLE 6.2 DECISION

Authorisation

- Three components acknowledged (authorisation of the cooperative approach; authorisation of ITMOs; authorisation of entities), but three components can be subject to a consolidated authorisation process
- Content of authorisation statements (mandatory requirements)
- Secretariat to develop a voluntary LOA template
- UNFCCC CARP will provide a public repository of all LOAs
- Changes to authorisation (including revocation) shall not apply after first transfer unless otherwise specified by Parties
- Terms and conditions for changes shall be specified in the LOA, which is publicly available

Application of first transfer

- Guidance on definition of first transfer in case of dual use (NDC and OIMP) and avoid very late first transfers
- Parties should have “robust arrangements in place” to be notified first transfers

Additional elements in the Initial Report

- CMA “requests to incorporate” the numerous elements included in Annex I

Agreed Electronic Format (AEF)

- CMA “requests to use” the updated draft AEF

Sequencing

- Initial Report and Annual Information can be submitted in conjunction (i.e. authorization of ITMOs is not subject to the review of the Initial Report)

Review

- Results of automated consistency checks and technical expert review publicly available in the CARP
- Inconsistencies defined as “omissions of information, mismatches in information or contradictory or conflicting information”
- Reviewers will decide whether inconsistencies are “significant” and/or “inconsistent” (no definitions)

Addressing inconsistencies

- Parties “requested” not to use ITMOs with inconsistencies “which would have an impact on the adjusted emissions balance”
- Reviewers to liaise with Paris Agreement Implementation and Compliance Committee in case of significant and/or persistent inconsistencies

International registry

- Main function is to “pull-and-view” information and transfer of 6.4ERs “as ITMOs”
- Secretariat to provide additional services to Parties that request it, including issuance + capacity building for implementation of national registry

Definition of cooperative approach – Not included in the final text



WHAT'S NEXT

Article 6

- No further guidance on Article 6.2 and 6.4 until 2028
- Negotiations of the termination of the CDM to continue
- 6.4 SBM to continue work on tools for additionality, leakage, baselines, reversal risks, buffer pool design
- 6.4 mechanism registry to be established in 2025 – interim solution available
- Work on establishment of 6.4 methodologies ongoing

The Road to Belém & beyond

- Next round of new NDCs (3.0) to be submitted by 10 February 2025
- Baku to Belém Roadmap – How to mobilize 1.3T?
- COP30 in Belém, 10-21 November 2025 – What to expect?
- Decision on COP31 pushed to June 2025 – Australia or Türkiye



IETA Post COP29 Debrief

IETA²⁵
YEARS



Andrea Bonzanni
IETA



Perumal Arumugam
UNFCCC Secretariat



Yi Jun Mock
Singapore



Audrey Goldstein
Standard Chartered
& IETA IWG co-chair



Björn Fondén
IETA



Helen Finney
The UK



Sonam Tashi
Bhutan



Lev Gantly
Philip Lee LLP

THANK YOU!

IETA²⁵
YEARS



International Working Group Contacts:

- Andrea Bonzanni - bonzanni@ieta.org
- Pedro Venzon - venzon@ieta.org
- Björn Fondén - fonden@ieta.org
- Nadine Lim - lim@ieta.org



IETA

MAKING NET ZERO POSSIBLE

Join us at ieta.org