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Analyzing COP29: Hits, Misses, and What they mean for Governments & Businesses

FOREWORD

As COP29 concludes, we proudly present this comprehensive report encapsulating this pivotal global summit's critical outcomes and implications. From the operationalization of the Loss and Damage Fund to breakthroughs in carbon market frameworks under Article 6, this report explores the key developments that will shape the trajectory of climate action worldwide.

The Baku Finance Goal and advancements in Nationally Determined Contributions reflect a renewed global commitment to addressing the climate crisis. Yet, they underscore the persistent challenges of equitable finance, energy transitions, and ambitious policy alignment. COP29 is a clarion call for businesses to integrate sustainability into their strategies, leveraging the opportunities presented by evolving carbon markets, green finance, and technology-driven solutions.

This report marks the culmination of our ongoing analysis of COP29. It offers insights for governments, corporations, and stakeholders to navigate the complexities of the climate challenge and turn commitments into action. We invite you to explore the insights, opportunities, and responsibilities that COP29 has brought to the forefront.

Enjoy the read!

Anu Chaudhary
Partner, Global Head of ESG Consulting

LEAD UP TO COP29

As the world approached the 29th Conference of the Parties to the UN Framework Convention on Climate Change (COP29), all eyes were on the crucial decisions that would shape the future of global climate action. Building upon the outcomes of COP28, which included the first-ever global stocktake, COP29 was viewed as a pivotal moment in accelerating efforts towards meaningful climate progress.

This year's Conference was significant, particularly in delivering on long-standing commitments under the Paris Agreement. One of the central issues was finalizing the decade-long negotiations surrounding Article 6 of the Paris Agreement, which governs carbon markets. The focus remained on creating high-integrity carbon market mechanisms that could effectively contribute to reducing emissions and ensuring climate accountability.

COP29 also held great significance for the Global South, with the Conference dubbed the "Finance COP." The urgency of developed nations committing to an ambitious New Collective Quantified Goal (NCQG) dominated discussions. A key demand was increased financial support to tackle the climate crisis, underscoring the global need for equitable action. Moreover, the operationalization of the Loss and Damage Fund, agreed at COP27 in Egypt, was a critical priority. This Fund aims to provide essential financial resources to vulnerable nations facing the severe impacts of climate change.

Equally important was the push to accelerate the transition away from fossil fuels, as outlined in the UAE Consensus at COP28. In this context, COP29 was a crucial step towards a sustainable and just global response to the climate emergency. This report will explore the key outcomes and challenges of COP29, examining the progress made and its implications for the world.

HITS AND MISSES OF COP29

Baku Finance Goal – A New Commitment to Climate Finance

Developed nations agreed to mobilize at least USD 300 billion annually by 2035 for climate finance, tripling the previous goal. This is part of a broader commitment to reach USD 1.3 trillion annually by 2035 from all sources to support developing countries in their climate action efforts. While this marks a significant increase from the previous pledge of USD 100 billion, many developing nations feel it needs to be improved significantly.

Progress on Article 6 of the Paris Agreements

Progress was made on Article 6 of the Paris Agreement, establishing frameworks for carbon markets. Article 6.4 was adopted on the first day, establishing a framework for a centralized carbon market. Key developments include authorization protocols for carbon credit transactions, mandatory environmental safeguards, and a comprehensive action plan for the supervisory body overseeing the mechanism. However, some experts cited that Articles 6.2 and 6.4 should have undergone further scrutiny and negotiation before being passed.

A Missed Chance for Fossil Fuel Phase-Out

Parties should have reached a consensus on critical climate commitments regarding the phase-out of fossil fuels. Despite the momentum from the previous year's Global Stocktake, which called for a transition away from fossil fuels, the outcome did not include explicit references to this goal, delaying action on decarbonization.

Operationalization of Loss and Damage

The Loss and Damage Fund, a critical financial mechanism aimed at supporting developing countries most vulnerable to climate change impacts, was made fully operational at COP29. With Trustee and Hosting Agreements signed with the World Bank and Ibrahima Cheikh Diong appointed as the Executive Director, the Fund is set to begin financing projects by 2025. Pledges to the Fund have surpassed USD 730 million, which is still well short of the USD 580 billion annual losses expected by 2030.

Call for ambitious NDCs

At COP29, countries were urged to set more ambitious Nationally Determined Contributions (NDCs) aligned with the 1.5°C pathway of the Paris Agreement, due for submission in 2025. The UAE, the UK, and Brazil unveiled their updated NDCs. At the same time, a coalition, including Canada, Chile, the EU, Mexico, Norway, Panama, and Switzerland, pledged to submit NDCs in line with their net zero targets. The updated NDCs represent progress towards climate action but must be evaluated against the global emission reduction needs. While some countries set ambitious goals, others must strengthen their commitments to align with net zero targets.

Multilateral Development Banks boost climate action

Leading Multilateral Development Banks (MDBs) announced at COP29 projected USD 170 billion in annual climate financing by 2030. The collective climate financing for low- and middle-income countries is projected to reach USD 120 billion annually by 2030, with USD 42 billion allocated for adaptation. High-income countries are expected to receive USD 50 billion annually, including USD 7 billion for adaptation. MDBs aim to mobilize an additional USD 65 billion from the private sector annually. MDBs have already surpassed their 2025 climate finance targets, achieving a 25% increase in direct financing over the past year.

Declaration on Reducing Methane from Organic Waste

A key outcome of COP29 was the Declaration on Reducing Methane from Organic Waste, signed by over 30 countries responsible for 47% of global methane emissions from organic waste. The declaration calls for sectoral targets in future NDCs and builds on the Global Methane Pledge's goal of a 30% reduction by 2030.

CLIMATE NEGOTIATIONS AND KEY ANNOUNCEMENTS

The COP29 Presidency established a dual-pillar framework to guide its vision and agenda: Enhance Ambition and Enable Action. These mutually reinforcing pillars will serve as the foundation for advancing action across all thematic issues, such as finance, trade and investment, energy, biodiversity, sustainable agriculture, water, science, technology and innovation, sustainable urbanization, and health, amongst other global priorities.

Pillar 1: Enhance Ambition

NDCs & Mitigation

At the Conference, significant strides were made to enhance global climate ambition, particularly concerning Nationally Determined Contributions (NDCs) and mitigation efforts. A central focus of the Conference was the alignment of NDCs with the Paris Agreement's goal of limiting global temperature rise to 1.5°C, underscoring the need for more aggressive targets to accelerate emissions reductions and strengthen global mitigation strategies.

A notable development at COP29 was the submission of updated NDCs by key economies, reflecting a collective shift towards broader, more inclusive approaches that integrate emissions reduction and climate resilience. The United Arab Emirates (UAE) became the first to submit a new NDC, pledging to reduce GHG emissions by 47% by 2035 compared to 2019. The commitment also includes sector-specific targets for areas such as power, industry, and transport to achieve the overall emissions reduction goal. The United Kingdom announced a commitment to reduce greenhouse gas emissions by 81% by 2035 compared to 1990 levels, surpassing its previous target of a 78% reduction. Prime Minister Keir Starmer emphasized that this ambitious goal would not impose additional burdens on the public, as it excludes emissions from international aviation and shipping. Similarly, Brazil presented an enhanced NDC, committing to cut emissions 59%-67% from 2005 levels by 2035. Achieving a 67% reduction in GHG emissions would place Brazil on a pathway to net zero. These commitments are a model for other nations to adopt transformational NDCs, incorporating comprehensive climate strategies into long-term planning. This includes phasing out coal, scaling up renewable energy, and implementing carbon pricing mechanisms to encourage the adoption of low-carbon technologies.

The European Union, alongside like-minded countries, issued a joint press release at COP29, reaffirming their commitment to 1.5°C-aligned ambition in NDCs. They emphasized that the forthcoming round of NDCs represents a critical opportunity to trigger structural transformations necessary for sustainable development. Many nations also set sector-specific goals, such as decarbonizing transportation, boosting green hydrogen as a key energy source, advancing nature-based solutions, energy efficiency, and carbon capture technologies.

UN Climate Change Executive Secretary Simon Stiell underscored the importance of these transformational NDCs, emphasizing that they are optional but essential opportunities every country can afford to take advantage of. He highlighted the economic benefits of ambitious climate action, noting that enhancing NDCs aligns with national economic interests. However, implementing these enhanced commitments needs to be improved, particularly regarding financial support for developing nations. The pledged USD 300 billion annually by 2035 from developed nations remains a cornerstone for bridging this gap.

Despite the challenges, COP29 reinforced the urgency and potential of ambitious climate action, demonstrating that countries enhancing their NDCs address global imperatives and unlock pathways to sustainable economic growth. The Conference underscored that transformational policies and international solidarity are indispensable for meeting the climate goals of the Paris Agreement.

National Adaptation Plans and the Global Goal on Adaptation

COP29 marked a significant milestone in climate adaptation discussions, mainly through advancements in National Adaptation Plans (NAPs) and the Global Goal on Adaptation (GGA). A key outcome was the establishment of the Baku Adaptation Road Map, which aims to enhance the implementation of the UAE Framework for Global Climate Resilience. This framework includes seven thematic and four-dimensional targets addressing various aspects of climate resilience, from water management to cultural heritage.

During the Conference, parties extensively discussed NAPs, focusing on innovative financing and technical support to expedite their implementation, especially for least-developed countries (LDCs). A High-Level Dialogue convened to address these urgent needs resulted in a strong call to action for tangible outcomes by the 2025 submission deadline.

Despite progress, negotiations faced challenges, particularly regarding “means of implementation” (MOI) indicators. A compromise was reached to refer to these as “enablers of implementation,” which include MOI but also cover governance and transparency aspects. The final GGA text was adopted without intervention, affirming its place on future agendas and recognizing the necessity of transformational adaptation.

Overall, COP29’s outcomes reflect both progress and ongoing challenges in advancing global adaptation efforts. There is a commitment to continuing discussions at future meetings, particularly in Bonn, in June 2025.

Collaborative Networks for Complementary Action

The emphasis on collaborative networks for complementary action was pivotal in advancing global climate objectives. These networks facilitate partnerships across various sectors and governance levels, enhancing the effectiveness of climate initiatives.

A significant development was the launch of new partnerships and resources by the Global Covenant of Mayors for Climate & Energy (GCoM). This initiative aims to support mayors and equip governments with the necessary tools to achieve ambitious climate goals, fostering multilevel climate action. By integrating efforts across local and national governments, GCoM enhances the coherence and impact of climate policies.

The International Renewable Energy Agency (IRENA) also played a crucial role at COP29 by advocating tripling renewable energy capacity by 2030. Through its communications campaign, IRENA aims to raise awareness and drive action towards this goal, emphasizing the importance of collaborative efforts in the energy sector. Such initiatives highlight the necessity of partnerships between governments, private sectors, and international organizations to accelerate the energy transition.

Furthermore, the Adaptation and Resilience Collaborative for Funders (ARC) accelerated funding for climate action in its first year. Launched at COP28, ARC has grown to include 21 signatories, demonstrating the power of collaborative networks in mobilizing resources for climate adaptation. This collective approach ensures funding is directed towards the most vulnerable regions, enhancing global resilience to climate impacts.

The COP29 Presidency underscored the importance of collaborative networks in its vision to enhance ambition and enable action. By focusing on principles of action that include engagement across global, regional, national, and subnational groups, the Presidency highlighted the necessity of a holistic and inclusive approach to sustainable development. This strategy ensures that diverse stakeholders are involved in the climate dialogue, promoting comprehensive and practical solutions.

Pillar 2: Enable Action

Finance and The New Collective Quantified Goal on Climate Finance (NCQG)

After intense debates between representatives, the Baku Finance Goal (BFG) was announced on the last day of COP29 as a new commitment to channel USD 1.3 trillion of climate finance to the developing world each year by 2035, which includes a new core finance goal for developed nations of USD 300 billion annually by 2035. The BFG will be a collective responsibility of global efforts. In contrast, the USD 300 billion will be mobilized by developed countries annually by 2035 through a combination of public, private, bilateral, multilateral, and alternative sources. Though the new climate finance fund is triple the figure of USD 100 billion, developing countries, including India, have vehemently opposed this deal, stating that the amount pledged by developed countries would be insufficient for the trillions needed for climate action. The pledged amount also did not specify an earmarked amount for grant-based funding, another request from developing nations who dislike debt-based climate funding. Wealthy nation blocs, such as the European Union, however, were unwilling to commit more funding, citing fiscal concerns and a lack of financial commitment from more polluting emerging economies, such as China and the Gulf States. Delegations from developing nations also cited opposition to unilateral trade measures, such as the EU's Carbon Border Adjustment Mechanism (CBAM) and the US President-elect's promises to enact trade tariffs.

Article 6

COP29 fully operationalized Article 6 of the Paris Agreement by concluding the decade-long negotiations on high-integrity carbon markets. The Article 6.4 mechanism was adopted on day one of COP29, whereby countries agreed on a centralized carbon market under the supervision of the United Nations. This Paris Agreement Crediting Mechanism (PACM) will align with climate science and will provide for mandatory checks on projects before approval. COP29 also clarified Article 6.2, which enables bilateral trade of carbon credits between countries – thereby ensuring a transparent and clear process of carbon credit authorization, project reviews, and the operation of registries. Article 6.8 negotiations also concluded, enabling international cooperation through non-market approaches to implement climate plans and promote sustainable development. Although several parties believed the Article 6 frameworks were approved without sufficient due process, most welcomed the progress. The frameworks may enable credible carbon markets, unlocking vital financial capital to address climate change and other related environmental issues.

COP29 established an enabling framework for operationalizing Article 6 of the Paris Agreement, concluding decade-long negotiations on high-integrity carbon markets. The Article 6.4 mechanism was adopted on day one of COP29, creating a centralized carbon market under the supervision of the United Nations. This Paris Agreement Crediting Mechanism (PACM) sets the groundwork for alignment with climate science and introduces mandatory checks on projects before approval. COP29 also clarified the framework for Article 6.2, which facilitates the bilateral trade of carbon credits between countries, ensuring a transparent and clear process for carbon credit authorization, project reviews, and registry operations. Additionally, Article 6.8 negotiations concluded, providing a foundation for international cooperation through non-market approaches to implement climate plans and promote sustainable development. However, further work is needed to fully operationalize these frameworks and address concerns from some parties about the sufficiency of the approval process. Despite this, most stakeholders welcomed the progress, which lays the foundation for credible carbon markets and unlocking vital financial capital to combat climate change and related environmental challenges.

Loss and Damage

Another achievement of COP29 was the full operationalization of the Loss and Damage Fund, a critical financial mechanism aimed at supporting developing countries most vulnerable to the impacts of climate change. The establishment of the Loss and Damage Fund was agreed upon at COP27 in Egypt, and it was launched at COP28 in the United Arab Emirates, setting the stage for its current advancements. During COP29, several agreements were reached to ensure the Fund's effective operationalization, including the signing of Trustee and Hosting Agreements with the World Bank, which established its management and operations framework. Ibrahima Cheikh Diong was also appointed as the Fund's first Executive Director, who was responsible for overseeing its implementation and operations. With these agreements in place, the Loss and Damage Fund is set to begin financing projects by 2025. To date, pledges to the Fund have exceeded USD 730 million, though this remains far from the USD 580 billion in annual losses anticipated by 2030. Notable new pledges include contributions from Australia, Austria, Luxembourg, New Zealand, South Korea, Sweden, and Wallonia, adding USD 85 million to the existing total.

Additionally, a review of the Warsaw International Mechanism for Loss and Damage (WIM) took place, focusing on enhancing risk management knowledge, promoting stakeholder coordination, and increasing financial support. However, negotiators could not agree on key issues, such as incorporating loss and damage in Nationally Determined Contributions (NDCs) and the "state of loss and damage" report, deferring these matters to the upcoming Bonn meeting.

ADDITIONAL UPDATES

Clean Energy pledges and Declarations

At COP29, several key clean energy initiatives were announced, including a Global Energy Storage and Grids Pledge aiming to deploy 1,500 gigawatts of energy storage by 2030 and refurbish 25 million kilometers of grids, with an additional 65 million kilometers needed by 2040. A Green Energy Zones and Corridors pledge was introduced to establish transmission pathways for secure long-distance distribution of renewable energy, addressing grid capacity gaps. The COP29 Hydrogen Declaration committed to scaling up renewable and low-carbon hydrogen production to increase green hydrogen output and reduce fossil-fuel-based hydrogen production. Additionally, 31 countries endorsed the Declaration to Triple Nuclear Energy, a pledge to triple global nuclear capacity by mid-century. These initiatives are crucial in advancing clean energy infrastructure and tackling climate change through technological, financial, and collaborative efforts.

Global Methane Pledge

The Global Methane Pledge aims for a 30% reduction in global methane emissions by 2030, and with 159 participating countries, it represents a collective effort to tackle this potent greenhouse gas effectively. At COP29, significant advancements were made regarding the Global Methane Pledge, with governments and philanthropic organizations announcing nearly USD 500 million in new grants for methane abatement, raising the total funding to over USD 2 billion. This financial commitment aims to support initiatives across the energy, waste, and agricultural sectors to reduce methane emissions, which are crucial for immediate climate benefits and curb near-term warming.

Additionally, more than thirty countries endorsed the COP29 Declaration on Reducing Methane from Organic Waste, committing to developing specific sectoral methane reduction targets within their future Nationally Determined Contributions (NDCs). This declaration highlights the urgent need to address methane emissions from organic waste, which accounts for a significant portion of global methane emissions. Signatories are expected to develop concrete policies and roadmaps to achieve methane decarbonization, underscoring the urgent need to tackle methane emissions to curb near-term warming. This initiative aligns with global agriculture, energy, and waste management reforms, reinforcing the international commitment to addressing climate change through targeted methane reductions.

'Straight Line to Net Zero' Initiative

At the COP29, a coalition of nations, including the European Union, Canada, Mexico, Chile, Norway, Switzerland, and Georgia, announced a commitment to establish ambitious climate targets in 2035. This initiative aims for a "straight-line or steeper" trajectory towards achieving net zero emissions by mid-century. The coalition's strategy emphasizes steady emissions reductions to prevent backloading of climate efforts, thereby ensuring immediate and sustained action against climate change.

The coalition represents approximately 30% of global GDP and nearly 15% of greenhouse gas emissions. Their commitment aligns with the Intergovernmental Panel on Climate Change (IPCC) recommendations to limit global warming to 1.5°C. Each country will submit nationally determined contributions (NDCs) encompassing economy-wide targets covering all greenhouse gases and sectors. This pledge serves as a benchmark for other significant emitters and reinforces the urgency of collective action in addressing the climate crisis.

Launch of the Global Clean Power Alliance

At the G20 Summit in Rio de Janeiro held during COP29, the UK officially launched the Global Clean Power Alliance, a collaborative initiative to accelerate the transition to clean energy. This alliance unites countries, including Brazil, Australia, Canada, and Germany, reinforcing collective action to meet COP28 objectives of tripling renewable energy capacity and doubling energy efficiency.

The alliance will focus on sharing expertise and creating financing opportunities for global clean energy projects. Its first mission, co-chaired by the UK and Brazil, will be unlocking private sector finance to support renewable energy initiatives, particularly in developing nations. By fostering collaboration among diverse countries, the Global Clean Power Alliance seeks to enhance energy security, reduce emissions, and create green jobs while addressing critical challenges in the energy transition process.

Food Systems and Water

The Baku Harmoniya Climate Initiative for Farmers was launched to streamline climate action information for farmers. A key pledge from COP28, the Alliance of Champions for Food Systems Transformation (ACF), was updated, with countries like Brazil, Cambodia, Norway, Sierra Leone, and Rwanda committing to integrate food systems into their Nationally Determined Contributions (NDCs) by February 2025. Several countries, including Tanzania and Vietnam, expressed interest in joining the ACF.

The Baku Declaration on Water for Climate Action was also introduced and endorsed by nearly 50 nations, ensuring that discussions on water will remain a priority in future COPs. Additionally, various declarations addressed food systems, emphasizing their role in climate resilience and the need for sustainable practices to mitigate greenhouse gas emissions associated with agriculture. These initiatives reflect a growing recognition of the interconnectedness of food systems and water management in addressing climate change challenges.

WHAT'S IN IT FOR BUSINESSES?

Energy transition and decarbonization

COP29 underscored the critical role of businesses in the global energy transition and decarbonization efforts. The Conference emphasized the need for companies to align with international climate goals, presenting challenges and opportunities for the private sector.

A significant outcome of COP29 was the agreement by developed nations to mobilize USD 300 billion annually by 2035 to assist developing countries in combating and adapting to climate change. This commitment aims to facilitate the global shift towards renewable energy sources and reduce greenhouse gas emissions. However, some developing nations have criticized the pledged amount as insufficient to implement robust national climate plans. The Conference also highlighted the launch of initiatives by major economies, such as the U.S., Brazil, the UK, Saudi Arabia, and the UAE, to increase global energy storage sixfold by 2030. Additionally, these countries committed to building or modernizing around 80 million kilometers (approximately 50 million miles) of electricity grids by 2040. This builds on the earlier commitment made at COP28 to triple renewable energy capacity and double energy efficiency rates by 2030.

The Conference also achieved a landmark consensus on carbon markets, establishing rules for a global carbon credit trading system. This framework is designed to reduce greenhouse gas emissions by allowing countries and companies to buy and sell carbon credits, promoting investment in low-carbon technologies and practices.

For businesses, these developments signal a clear trajectory towards stricter environmental regulations and a growing emphasis on sustainability. Companies are encouraged to invest in renewable energy, enhance energy efficiency, and adopt sustainable practices to remain competitive and compliant with emerging standards. Engaging proactively in the energy transition can lead to cost savings, innovation, and improved corporate reputation. Furthermore, the creation of the Global Clean Power Alliance, launched by 12 countries led by Brazil and the UK, aims to accelerate the global shift to clean power by uniting developed and developing nations on finance and technical support.

The private sector is expected to play an essential role in achieving the climate finance targets set at COP29. Private investments are crucial in bridging the funding gap for climate initiatives, and businesses have the opportunity to contribute to and benefit from the growing green economy. This includes exploring new markets in renewable energy, sustainable infrastructure, and green technologies. Similarly, an alliance of nearly 1,000 businesses has developed a policy playbook to decarbonize emission-intensive industries, including steel, cement, chemicals, aviation, and shipping. Their advocacy for targeted policies, such as carbon pricing and mandatory carbon intensity limits, aims to unlock USD 1 trillion in investment for low-carbon industrial projects, further driving the transition to a sustainable global economy.

Sustainable Finance

COP29 marked a crucial moment for sustainable finance, presenting significant opportunities for businesses to engage in and benefit from the global transition to a low-carbon economy. A landmark achievement of COP29 was establishing a global carbon credit trading system, finalized after a decade of negotiations. This system enables countries and companies to trade carbon credits, which are awarded for projects that reduce greenhouse gas emissions, such as renewable energy installations or reforestation efforts. For businesses, this framework opens avenues to invest in emission-reducing projects and generate revenue through the sale of carbon credits, thereby integrating sustainability into their financial strategies.

Additionally, COP29 saw developed nations commit to mobilizing USD 300 billion annually by 2035 to assist developing countries in addressing climate change. This substantial financial flow is expected to create extensive opportunities for businesses specializing in renewable energy, energy efficiency, and climate adaptation technologies, as they can access new markets and participate in large-scale projects funded by this initiative. Recognizing the need for additional funds, COP29 also urged all stakeholders to work toward securing USD 1.3 trillion in finance for developing countries by 2035. This figure includes the previously committed USD 300 billion and finance from other sources such as significant private sector investments. The USD 1.3 trillion target more closely aligns with the financial requirements developing nations need to protect themselves from the worsening impacts of climate change and transition to a low-carbon future. To achieve this, parties agreed to launch the "Baku to Belém Roadmap," outlining a path for mobilizing the additional funds.

The Conference also highlighted the critical role of the private sector in bridging the climate finance gap. With insufficient public funds, businesses are encouraged to invest in sustainable projects, leveraging innovative financing mechanisms such as green bonds and blended finance. Engaging in these financial instruments contributes to global climate goals and offers businesses attractive investment opportunities with potential long-term returns.

COP29 discussions emphasized the importance of aligning business operations with environmental sustainability to mitigate risks associated with climate change. Companies that proactively adopt sustainable practices are better positioned to comply with emerging regulations, avoid potential financial penalties, and enhance their reputations among increasingly environmentally conscious consumers and investors.

AI and Technology

Integrating artificial intelligence (AI) and digital technologies was a focal point, highlighting significant opportunities for businesses to drive climate action and achieve sustainable growth.

A pivotal development was the endorsement of the COP29 Declaration on Green Digital Action, which emphasizes leveraging digital technologies, including AI, to accelerate climate action while minimizing the tech sector's carbon footprint. This initiative encourages businesses to adopt AI-driven solutions to enhance energy efficiency, optimize resource management, and reduce greenhouse gas emissions, aligning corporate strategies with global sustainability goals.

The Conference also introduced the AI Innovation Grand Challenge, recognizing innovative AI solutions contributing to climate resilience and mitigation, particularly in developing countries. This initiative underscores the potential for businesses to develop and implement AI technologies that address climate challenges, opening avenues for investment and collaboration in sustainable tech sectors.

Discussions at COP29 highlighted AI's dual role as a tool for sustainability and a contributor to energy consumption. Industry leaders emphasized the importance of developing energy-efficient AI systems and leveraging AI to optimize operations across various sectors, such as energy grids and agriculture. For businesses, this presents an opportunity to invest in AI technologies that enhance operational efficiency and contribute to environmental sustainability.

Carbon markets

At COP29, significant advancements were made in establishing a global carbon market. This presents substantial opportunities for businesses to engage in carbon trading and contribute to emission reduction efforts.

An important outcome of COP29 was the finalization of rules under Article 6 of the Paris Agreement, which set the framework for international carbon credit trading. This agreement allows countries and companies to trade carbon credits, representing reductions in greenhouse gas emissions, thereby facilitating cost-effective compliance with climate targets. For businesses, this development opens avenues to invest in emission-reducing projects and generate revenue through the sale of carbon credits, integrating sustainability into their financial strategies.

The newly established carbon market framework is expected to mobilize significant climate finance, particularly for developing countries. This influx of capital can stimulate investment in renewable energy, energy efficiency, and other sustainable technologies, creating new markets and opportunities for businesses in these sectors. Engaging in carbon markets enables companies to diversify their portfolios and capitalize on the growing demand for low-carbon solutions.

However, implementing carbon markets also presents challenges. Concerns have been raised about the potential for greenwashing and the effectiveness of carbon offsets in achieving genuine emission reductions. Businesses must ensure the integrity and transparency of their carbon credit transactions to maintain credibility and comply with emerging regulations. Offsets should be used as a last resort in an organization's bid towards carbon neutrality. Investing in high-quality, verifiable carbon reduction projects is essential to mitigate these risks.

WAY FORWARD

As COP29 concludes, it has set the stage for an intensified global focus on climate action, finance, and emissions reduction, but much work remains. The climate finance agreements reached in Baku provide a modest foundation, particularly for developing countries. However, scaling up public and private finance to align with the Paris Agreement's goals will be crucial in the coming years. With countries required to submit their updated Nationally Determined Contributions (NDCs) by February 2025, the pressure is on to demonstrate a more substantial commitment to cut emissions and build resilience against climate impacts.

There is also likely to be a new surge of political and industrial momentum driving the acceleration of decarbonization across various sectors, particularly in hard-to-abate industries. An intensified focus will accompany this on unlocking private capital to support the transition in developing and emerging markets. Brazil's growing interest in advancing its bioeconomy is expected to catalyze significant investments in nature financing, which will play a crucial role in addressing climate and biodiversity challenges.

The reports presented at COP29, including the World Meteorological Organization's State of the Climate and the Global Carbon Budget, painted a sobering picture of the escalating climate crisis. With global emissions reaching new highs and critical climate indicators worsening, the urgency for more ambitious climate action has never been more apparent.

COP30 in Belém, Brazil, will be a watershed moment to elevate climate ambition, particularly in addressing emissions, biodiversity loss, and the interconnected challenges of climate and nature. As the world moves toward this critical juncture, the next phase of international climate negotiations will require more substantial commitments, comprehensive policy action, and innovative solutions across all sectors. The road to COP30 and beyond will demand unity and determination to ensure that global climate goals are set and achieved.

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A TEAM THAT

YOU CAN TRUST TO DELIVER

Jamil Khatri
Co-Founder & CEO
jamilkhatri@uniqus.com

Sandip Khetan
Co-Founder, Global Head of ARC
sandip.khetan@uniqus.com

Anu Chaudhary
Partner, Global Head of ESG
anuchaudhary@uniqus.com

Nirav Patel
Partner, ESG
niravp@uniqus.com

Rajesh Nair
Partner, ESG
rajeshnair@uniqus.com

Suddhwasattwa Mukherjee
Partner, ESG
suddhwamukherjee@uniqus.com

Elena Primikiri
Associate Partner, ESG
ep@uniqus.com

Matt Berner
Managing Director, ESG
mattberner@uniqus.com

Akanksha Sinha
Director, ESG
akankshasinha@uniqus.com

Luv Nijhawan
Director, Clients & Markets
luvnijhawan@uniqus.com

Mugdha Raut
Director, ESG
mugdharaut@uniqus.com

Nachiketa Das
Director, ESG
nachiketadas@uniqus.com

To know more about us, please visit www.uniqus.com