

Hogan  
Lovells



Environmental, Social,  
and Governance



# COP 29:

Progress, pitfalls and the road  
ahead for climate action



# Contents

## Key takeaways

---

### COP 29: the Finance COP

---

### Climate Finance

---

### Carbon Trading

---

### Energy Transition

---

## Nature

---

### Methane

---

### Digital Technologies

---

### Looking forward to COP 30

---



# Key takeaways

- The New Collective Quantified Goal (NCQG) (finance to support developing countries to meet climate transition and adaptation goals) was set at \$300 billion.
- Countries reached an agreement on carbon market standards under Article 6.4.
- The US, EU and others released plans and roadmaps on the reduction of methane and CO2 emissions.
- COP 29 Declaration on Green Digital Action was endorsed by more than 1,000 governments, corporation, international and regional organisations, and other stakeholders.

COP 29 was overshadowed by a heavy focus on negotiating the New Collective Quantified Goal. Economists estimate that \$1.3 trillion is required to tackle climate change and the agreed figure fell far short. Was the outcome of the COP nevertheless a success? Discussions also covered Article 6 of the Paris Agreement and methodologies for carbon credits, loss and damage funding, and adaptation. Overall, negotiations remained contentious, reflecting ongoing divisions between developed and developing nations. COP 29 highlighted both the urgency of climate action and the complexity of reaching a global consensus.





# COP 29: the Finance COP

In November 2024, 66,000<sup>1</sup> people arrived in Baku, Azerbaijan for the 29th Conference of the Parties to the UN Framework Convention on Climate Change (COP 29). The focus of COP 29 was climate finance, including the trillions of dollars needed to fund climate change mitigation and adaptation projects, loss and damage funds and the transition to net-zero by 2050.

Parties were keen to see progress on finance topics, to build on the success of COP 28. And COP 29 was not the only set of significant talks on

climate change happening. G20 leaders also met in Rio de Janeiro, Brazil to discuss climate action. In a *G20 communiqué*, G20 leaders reaffirmed their support for the Paris Agreement and the “ambitious and balanced outcomes of COP 28”.

In this briefing, we reflect on the main themes of COP29: Climate Finance, Carbon Trading, Energy Transition, Nature, Methane and Digital Technologies and look forward to the themes that will be picked up at COP 30 in 2025.

“

So let's cut the theatrics and get down to real business<sup>2</sup>.”

Simon Stiell  
Executive Secretary of the UNFCCC





# Climate Finance

## Setting a New Collective Quantified Goal (NCQG)

Following difficult negotiations, parties set a new climate finance target to support the implementation of plans for developing countries to meet nationally determined contributions and adaptation goals to cope with extreme weather and other effects of climate change – the New Collective Quantified Goal (NCQG).

The previous goal was \$100 billion per year by 2020 and according to the Independent High-Level Expert group on Climate Finance, a group of leading economists, the NCQG needed to exceed \$1 trillion to be sufficient to deal with the everyday realities of climate change.

The final agreement fell far short of this, when in the late hours of Saturday morning, long into extra time, the *parties reached an agreement* to:

1. triple finance for developing countries' climate action to \$300 billion per year by 2035 – coming from a variety of sources including public and private, bilateral and multilateral, with developed countries taking the lead. Developing countries may make voluntary contributions; and
2. work together to scale financing to developing countries for climate action from public and private sources to at least \$1.3 trillion per year by 2035.

”

**The cost of inaction is now much higher than the cost of action...water, soil degradation will all make it on to the balance sheet.”**

*Peter Bakker  
President & CEO of the World Business  
Council for Sustainable Development  
(WBCSD)*

Many countries signalled dissatisfaction and objected to adoption of the NCQG. With comments ranging from characterising the goal as an “insult” to “lamenting that the climate crisis is becoming a debt crisis as developing countries are forced to resort to loans, which widens global inequalities”. Others argued that it was in everyone’s best interest to invest in tackling climate change now, given that costs of inaction will only rise.<sup>1</sup>



# Climate Finance

## Loss and Damage

Agreed at COP 27, the Loss and Damage Fund, which provides financial assistance to countries most vulnerable to the impacts of climate change, was made fully operational at COP 29 with the signing of key agreements including the Trustee and Hosting agreements. The fund will be hosted in the Republic of the Philippines where the main operations have already been established. The total pledged financial support for the Fund exceeds \$730 million and should start financing projects beginning in 2025.<sup>4</sup>

”

**This new finance goal is an insurance policy for humanity, amid worsening climate impacts hitting every country. But like any insurance policy – it only works – if premiums are paid in full, and on time. Promises must be kept, to protect billions of lives.”**

*Simon Stiell  
Executive Secretary of UN Climate Change<sup>3</sup>*







# Carbon Trading

## Article 6 of the Paris Agreement

On the first evening of COP 29, two Standards<sup>5</sup> were adopted in respect of the international carbon crediting mechanism established under Article 6.4 of the Paris Agreement to establish a global crediting mechanism for emission reductions. The Standards cover *methodology* principles setting out the basis for claim and assessment of emission reductions or removals and specific guidelines for *carbon removal projects*. The adoption was controversial as the Supervisory Body adopted the Standards rather than presenting them for consideration at COP as is customary. Although this was an unorthodox process, the Standards were adopted on the first day of COP 29.

The *parties also agreed* operational elements of the framework for bilateral trading of internationally transferred mitigation outcomes (ITMOs) between countries under Article 6.2 of the Paris Agreement. Countries may use these carbon credits or ITMOs to contribute to meeting nationally determined contributions (NDCs). Agreement was reached on authorisation (both content and format), reporting and data availability, amongst other things. But work on natural climate solutions and the inclusion of Indigenous peoples continues. Growing the carbon markets has the potential to unlock funds for climate change mitigation and adaptation as well as enabling states to meet their NDCs.





# Energy Transition

## Renewable Energy

At COP 28, countries agreed to triple renewable energy capacity and double the rate of energy efficiency improvements by 2030 and to transition away from fossil fuels in energy systems.<sup>6</sup> Burning fossil fuels causes 86% of global carbon dioxide emissions<sup>7</sup>, so to have a chance of meeting the goals of the Paris Agreement, fossil fuels need to be phased out.

In pursuit of this aim and the development of the renewable energy market, the following announcements were made at COP 29:

- agreement to increase annual investments on grids and renewable power generation capacity by the Utilities for Net Zero Alliance;
- agreement by three large multi-lateral development banks on the \$670 million finance of two Azerbaijani solar power plants; and
- commitment of seven Mediterranean nations to generate one terawatt of renewable capacity by 2030 through the TeraMed initiative, having an estimated investment of \$700 billion.

But although the wording “transition away from fossil fuels” was agreed at COP 28, there was push back on including this wording in COP 29 documents, sparking a wave of criticism, accusing recalcitrant countries of backsliding on their promise from COP 28.



# Nature

At COP 16, just two weeks before, nature was discussed as an important part of the solution to climate change. But although there was a specific day set aside to discuss nature at COP 29, the topic was sidelined as it coincided with negotiations on NCQG beginning and reference to nature and alignment with the Kunming-Montreal Global Biodiversity Framework was removed from the final text agreement for NCQG.

## Forests

At COP 29, forests did have their moment in the sun. The Forest & Climate Leaders' Partnership issued a statement underscoring their commitment to scaling up finance for forests and reporting progress on *six country packages* which have been launched to date reflecting each host country's distinct priorities and circumstances in Colombia, the Democratic Republic of Congo, Gabon and other key locations. The importance of forests in delivering emissions reductions needed to meet the 2030 climate goals is highlighted in the UN's *Emissions Gap Report 2024*.

During the COP, the UK made a particular commitment on forests, *announcing* £239 million of new funding to help forest-rich nations tackle climate change as part of its overall £11.6 billion funding package and recognizing the crucial role of forests as carbon sinks.





# Methane

Methane emissions have been responsible for about 30% of global temperature increases<sup>8</sup> since the industrial revolution. Reducing these emissions is the fastest, most cost-effective way to keep the global temperature rise below 1.5°C – and is essential to avert worsening climate damages.<sup>9</sup> At COP 29, China, the US and Azerbaijan *convened a Summit* to accelerate actions to cut methane and other non-CO2 emissions. A number of different nations announced regulatory and policy steps to reduce super pollutants. For example, the US announced the finalization of the oil and gas Waste Emissions Charge and the EU announced the Methane Abatement Partnership Roadmap to enhance political support for reducing emissions from internationally traded fossil fuels.<sup>10</sup>



# Digital Technologies

COP's inaugural 'Digitalisation Day' saw the *COP 29 Declaration on Green Digital Action* being endorsed by more than 1,000 governments, corporations, international and regional organisations and other stakeholders.

The Declaration recognises the application of digital technologies to assist in climate change mitigation and adaptation, as well as acknowledging the negative impacts of digital technology including the growing emissions from data centres and e-waste.<sup>11</sup>

The Declaration includes a set of common objectives focusing on leveraging digital technologies as tools for climate action, for enhanced climate monitoring, forecasting, mobile early warning systems, developing policies and technical advancement to contribute to mitigating digitalisation's climate impact.

“

**[W]e can and must reduce the environmental footprint of digital technologies while leveraging their undeniable potential to tackle the climate crisis.”**

*Doreen Bogdan-Martin  
ITU Secretary-General*





# Looking forward to COP 30

As COP 29 closed, feedback was mixed. But Luiz Inácio Lula da Silva, Brazil's President, brought some optimism to the table, referring to COP30 as the "turnaround COP". According to President Lula, we should expect to see (1) increased accountability from developed nations, (2) a greater recognition of role of indigenous and traditional communities and (3) improved integration of fragmented efforts across countries.

Whilst COP 29 has been far from a universal success, there has been progress on a number of key themes and all eyes are turning to COP 30 where, following recent elections around the world, parties will meet in a potentially more challenging political environment to continue this vital work.

*Our global Sustainable Finance & Investment group brings together a multidisciplinary global team that provides clients with best-in-market support. Please get in touch if you would like to discuss.*

*This note is intended to be a general guide and covers questions of law and practice. It does not constitute legal advice.*

”

**COP30 will be our last chance to avoid an irreversible rupture in the climate system.”**

*Luiz Inácio Lula da Silva  
President of Brazil*





# Authors

Emily Julier | Amy Cleaves | Bryony Widdup | Eseohé Imafidon | Jessica Dhodakia

# References

1. *Summary report 11–22 November 2024*, International Institute for Sustainable Development, Earth Negotiations Bulletin, November 2024.
2. Speech: *“There is still a ton of work to do, to ensure COP29 delivers”*: *Simon Stiell at midpoint of COP29*, UNFCCC, 18 November 2024.
3. *COP29 UN Climate Conference Agrees to Triple Finance to Developing Countries, Protecting Lives and Livelihoods*, UNFCCC, 24 November 2024.
4. *Historic Decision in Baku: The Loss and Damage Fund fully operationalised*, cop29.az, 23 November 2024.
5. *Standard: Application of the requirements of Chapter V.B (Methodologies) for the development and assessment of Article 6.4 mechanism methodologies* – version 01.0 and *Standard: Requirements for activities involving removals under the Article 6.4 mechanism* – version 01.0
6. *COP28 Agreement Signals “Beginning of the End” of the Fossil Fuel Era*, UNFCCC, 13 December 2024.
7. *COP 29 Must Deliver on Last Year’s Historic Energy Transition Pact. Here’s how*, Explainer, International Institute for Sustainable Development, 5 November 2024.
8. *Methane and climate change – Global Methane Tracker 2022*, IEA, 2022.
9. *An Eye on Methane: Invisible but not unseen: How data-driven tools can turn the tide on methane emissions - if we use them*, United Nations Environment Programme, 2024.
10. *The Sprint to Cut Climate Super Pollutants: COP 29 Summit on Methane and Non-CO2 GHGs*, United States Department of State, 12 November 2024.
11. *COP29: Digital tech and AI can boost climate action, but curbing the sector’s emissions is key*, UN News, 16 November 2024.





Alicante  
Amsterdam  
Baltimore  
Beijing  
Berlin  
Birmingham  
Boston  
Brussels  
Budapest\*  
Colorado Springs  
Denver  
Dubai  
Dublin  
Dusseldorf  
Frankfurt  
Hamburg  
Hanoi  
Ho Chi Minh City  
Hong Kong  
Houston  
Jakarta\*  
Johannesburg  
London  
Los Angeles  
Louisville  
Luxembourg  
Madrid  
Mexico City

Miami  
Milan  
Minneapolis  
Monterrey  
Munich  
New York  
Northern Virginia  
Paris  
Philadelphia  
Riyadh  
Rome  
San Francisco  
São Paulo  
Shanghai  
Shanghai FTZ\*  
Silicon Valley  
Singapore  
Sydney  
Tokyo  
Warsaw  
Washington, D.C.

\*Our associated offices

*Our global Sustainable Finance & Investment group brings together a multidisciplinary global team that provides clients with best-in-market support. We are following the development of finance for nature restoration and conservation globally closely so please get in touch if you would like to discuss.*

*This note is intended to be a general guide and covers questions of law and practice. It does not constitute legal advice.*

**[www.hoganlovells.com](http://www.hoganlovells.com)**

"Hogan Lovells" or the "firm" is an international legal practice that includes Hogan Lovells International LLP, Hogan Lovells US LLP and their affiliated businesses.

The word "partner" is used to describe a partner or member of Hogan Lovells International LLP, Hogan Lovells US LLP or any of their affiliated entities or any employee or consultant with equivalent standing. Certain individuals, who are designated as partners, but who are not members of Hogan Lovells International LLP, do not hold qualifications equivalent to members.

For more information about Hogan Lovells, the partners and their qualifications, see [www.hoganlovells.com](http://www.hoganlovells.com).

Where case studies are included, results achieved do not guarantee similar outcomes for other clients. Attorney advertising. Images of people may feature current or former lawyers and employees at Hogan Lovells or models not connected with the firm.

© Hogan Lovells 2024. All rights reserved. BT-REQ-3195

