

COP29 Global Pledge: Scaling international assistance for industry decarbonisation

Baku, Azerbaijan, 18.11.2024



We welcome the important steps taken in recent years to begin to evolve the international assistance offer for the decarbonisation of industrial sectors specifically, including through the COP 29 launch of the Global Matchmaking Platform of the Climate Club, the development of country partnerships such as between India-Sweden and Brazil-UK, and the scaling up of multilateral climate finance, for example the Climate Investment Funds' Industrial Decarbonisation Programme.

We note with concern that while progress is being made to accelerate industrial decarbonisation, this progress is particularly concentrated in advanced economies, creating a growing risk that emerging markets and developing economies (EMDEs) will be unable to benefit from the economic, health, and security opportunities that an accelerated transition can bring; which in turn risks undermining our collective climate ambitions to meet the objectives of the Paris Agreement and keep 1.5°C within reach. In the short-term, achieving the Global Stocktake goal of tripling renewables and doubling of energy efficiency rates by 2030 requires much greater progress in industrial efficiency and fuel switching, and industrial sectors have the potential to become the largest contributor of carbon emissions in less than a decade unless investments in zero-carbon alternatives are rapidly accelerated. Reducing the climate impact of and fostering resilience in high emitting industries will better enable EMDEs to create green jobs, reduce pollution improve sustainable development opportunities, and thus strengthen a Just Transition.

Therefore, as governments, organisations, and initiatives we are cooperating to strengthen and scale the provision of political, technical, and financial assistance to support industrial decarbonisation globally.

Together, the governments of the United Kingdom, the Federal Republic of Germany and Canada will be leading the way at COP29 by scaling up our support for industry decarbonisation efforts in EMDEs. The United Kingdom and Germany intend to provide over USD 420 million. The Climate Investment Funds' Industry Decarbonisation Investment Programme plans to deploy up to USD 1 billion in concessional finance in support of this agenda. This joint commitment by the United Kingdom, Germany and Canada and the CIF will scale industry decarbonisation support to USD 1,3 billion and is designed to catalyse additional pledges from governments and philanthropies and mobilise investments from private sector in the lead up to COP30.¹

Decarbonising industrial sectors globally requires common approaches and policies on issues ranging from long-term strategies and targets, resource efficiency, demand and supply side measures, standards and definitions, carbon pricing, as well as cross-sectoral collaboration.

We recognise the important role of industrial sectors in achieving climate targets and in underpinning ambitious 2035 NDCs as well as an important creator of jobs for many people. Heavy industry assets are long-lived and existing infrastructure has a 25-year investment cycle. Sufficient intervention during the next investment window can help prevent 60 GtCO₂ globally or around 40% of projected emissions from heavy industry assets by 2050. This is particularly critical in EMDEs where GDP growth will be driven by material-intensive sectors demand (infrastructure, housing, vehicles). Currently the majority of industry emissions in EMDEs are mainly from steel and cement production. In EMDEs, where much of the future infrastructure development will take place, investing in clean energy offers a major opportunity to stimulate the growth of green industries and support a Just Transition.

Following IEA's Net Zero Emissions Scenario the global annual average capital in energy-related investments for the decarbonisation of the industry sector would need to double by 2030 and triple by 2050 to reach around USD 500 billion per year.² The required investment will need to come from private sources, with public finance focused on creating the enabling environment, building a pipeline of bankable projects and derisking projects where necessary. These challenges are particularly acute in EMDEs. For example, current annual investments in new net-zero compatible production plants for key industries like chemicals, steel, cement, and aluminium are USD 15 billion, but this must rise to USD 70

¹ A share of the funding of GER and UK will be channeled to the Climate Investment Funds' Industry Decarbonisation Investment Programme.

² Net Zero by 2050 - A Roadmap for the Global Energy Sector, IEA, 2021: https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroby2050-ARoadmapfortheGlobalEnergySector_CORR.pdf

billion by 2030 and USD 125 billion by 2050.³ This underscores the urgent need to support EMDEs in significantly boosting their investment in industry decarbonisation. We therefore welcome the recent [Climate Club mapping report](#) developed by the OECD, highlighting that financial and technical assistance for industry decarbonisation in EMDEs have not received the necessary attention so far. There is thus an opportunity to boost international cooperation and partnerships for delivering financial and technical assistance to EMDEs.

We welcome the recommendations made in the [2024 Breakthrough Agenda Report](#), which encourages enhanced coordination to better support EMDEs in accessing financial and technical assistance; and support the commitment from governments in the new Steel and Cement & Concrete Breakthrough Priority Actions [link] to rapidly enhance the overall public offer of international assistance towards deep decarbonisation of the sector.

We commit to work together – in partnership between governments, public and private financial institutions including Multilateral Development Banks (MDBs), philanthropies, civil society and other relevant assistance providers, including through existing funds and fora – to strengthen the coordination, accessibility, availability and inclusivity of international assistance towards deep decarbonisation of industrial sectors, with the goal of mobilising private investment at scale in EMDEs.

We intend to collaborate, oversee and, within the scopes of our respective mandates, support the unlock and mobilising private capital at scale for deep decarbonisation projects within industrial sectors, with a focus on EMDEs.

To deliver this, we will establish a working group of leading international initiatives supported by the Breakthrough Agenda and Climate Club and commit to publish a summary of the results of this work at COP30, backed by a coalition of donors and delivery partners.

This presents a rare and historic opportunity to galvanise global efforts around industrial decarbonisation. We will work together with the incoming Presidencies of the G7, G20 and UNFCCC COP to unite in 2025 around this shared priority. By capitalising on this confluence of interests, we have the opportunity to scale and better coordinate international support, align public and private sector efforts, and unlock the transformative potential of decarbonisation in EMDEs.

³ Cordonnier, J. et D. Saygin (2023), « Financing solutions to foster industrial decarbonisation in emerging and developing economies », *OECD Environment Working Papers*, n° 226, Éditions OCDE, Paris: <https://doi.org/10.1787/24a155ab-en>.