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BRIEFING

What happened at COP30?

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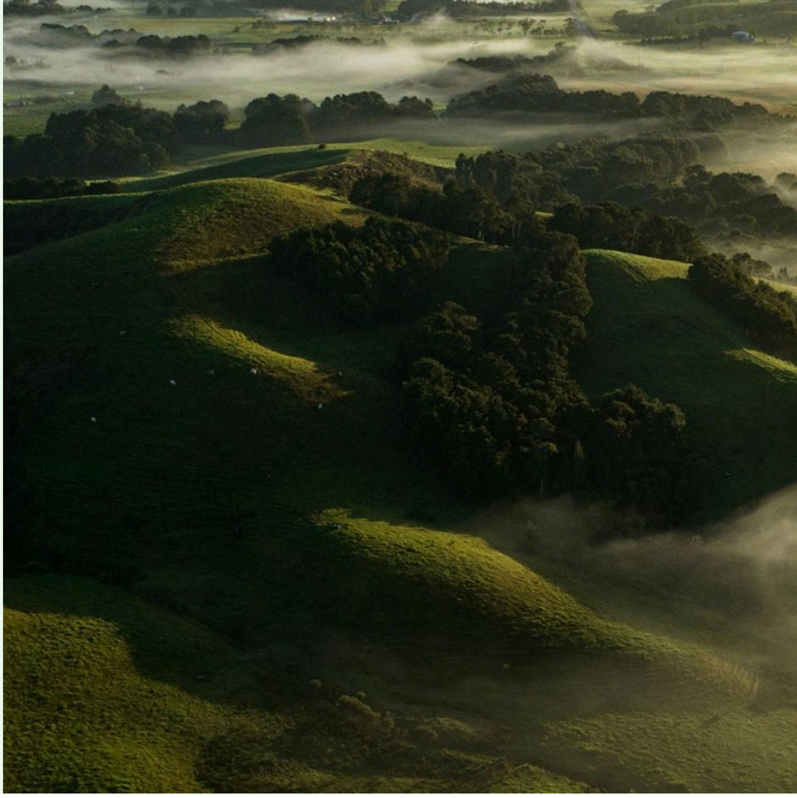

While COP30 did not see any major breakthroughs in the official agreements reached, the Global Mutirão, which translates as "collective efforts", confirms key themes relevant to business, including the deployment of private capital in both mitigation and adaptation, and the importance of trade.

In this briefing we unpack the outcomes of COP30 in Belém, with a particular focus on what the negotiations mean for businesses, international climate financing and the voluntary carbon markets. As in previous COPs, at COP30 there was a focus on achieving a decision that all parties could agree to, a continuing challenge as that requires unanimity. The final text of the Decision, "Global Mutirão: Uniting humanity in a global mobilization against climate change," was agreed in the early hours of 22 November.

Key issues

1. COP30 did not deliver major breakthroughs, but it did confirm a shift towards practical implementation, with Latin America aiming to attract investment by improving financing structures and regulatory clarity.
2. Progress was made in carbon markets and climate finance, but challenges remain around standardisation, regulatory clarity and attracting private capital, especially for nature-based projects and deforestation efforts.
3. COP30 highlighted the growing link between climate action and global trade, and reinforced the need for ongoing collaboration between business, policymakers and financiers to drive effective solutions.

A view from the ground

"Kicking off COP30 in São Paulo set the tone for how the private sector ultimately approached the discussions in Belém," says Jessica Springsteen, a Partner in Clifford Chance's energy and infrastructure practice.

"What stood out for me immediately was how co-ordinated the region felt going into this COP. São Paulo seemed like the informal green room before the main event. There were developers, investors, multilaterals, corporate offtakers, tech companies and policymakers all engaging in the same spaces, and a shared understanding that COP30 had to move the conversation on, from ambition to actual implementation."

Three themes defined the mood. The first was alignment. The region is not starting from zero. Brazil has regained credibility on deforestation. Colombia is advancing nature and transition frameworks. Chile continues to push forward on green hydrogen and clean energy integration. Across Central America and the Caribbean, resilience finance is becoming a core part of economic strategy. That created a sense that Latin America could enter COP30 not only as a host region, but as a collection of investable opportunities if the right financing structures continue to evolve.

The second theme was realism about capital. There is strong appetite to invest, but investors were very direct about the conditions they need: predictability in permitting; clarity in regulatory environments; sensible timelines; better visibility on revenue models; and the tools to manage currency risk and long-term project exposure. The conversations were not about enthusiasm; they were about the mechanics of deployment.

The third theme was momentum. "Latin America's climate and nature investment landscape has matured significantly. The pipeline is broader, and the private sector is more engaged and sophisticated. People were asking very detailed questions about governance, data, risk allocation and co-investment structures. You could feel the shift from concept to execution," says Springsteen.

From a financing standpoint, the market is now focused on scale. Investors want structures that they can replicate, standardised project data, clearer pathways to blended finance, and to see the region continue to harmonise frameworks wherever possible, as fragmentation creates friction.

There has been a shift in how public and private institutions are collaborating. The pre-COP discussions made it clear that the region can unlock much more international investment if it streamlines permitting, strengthens regulatory consistency and provides clearer, long-term policy signals. The private sector is now stepping in earlier, not at the end of policy cycles but at the beginning, shaping how risk is allocated and how projects are prepared.

The "implementation" COP

A takeaway from São Paulo is that the region is truly moving into an implementation phase. Even before the formal negotiations started, there was a strong expectation that this COP would be about making existing commitments real and accelerating progress through financing structures that already exist, not waiting for new mechanisms.

"Perhaps the most encouraging signal is that, for the first time in years, there was a feeling that Latin America could be an engine of implementation, not in an abstract way, but in a practical one. Investors were talking about timelines, credit enhancement, currency mitigation, procurement bottlenecks and scaling models that are already showing results across multiple jurisdictions," says Springsteen.

That blend of realism and momentum is why the regional private sector felt so energized going into COP30. The agenda is now about execution and that is exactly where the financing community and the policy community intersect.

Despite the predictions that Belém would be too remote and didn't have the infrastructure to host a COP, early indications suggest that it may have been the second-largest COP ever, following Dubai in 2023. "Being located on the edge of the Amazon rainforest really brought home what the COP is about," says Nigel Howorth, a Partner specialising in environment and global carbon markets. "There was a real feeling of people wanting to get down to business and implement the commitments that have been made in the 10 years since the Paris Agreement."

Carbon markets – Decisions on Article 6.2 and 6.4

The Global Mutirão, made reference to carbon markets and the use of voluntary cooperation, as referred to in Article 6, paragraph 1, of the Paris Agreement. Article 6.1 enables parties to choose to pursue voluntary cooperation in the implementation of their nationally determined contributions (NDCs). There are two mechanisms for this – Article 6.2 on cooperative approaches and Article 6.4, the Paris Agreement Crediting Mechanism (PACM).

It was not intended that there would be any new decisions on Article 6 at COP30 – finalising the details was a key achievement of COP29 in Baku. "We ended up with two," says Howorth. The key issue for Article 6.2 was that all the parties which have been involved in cooperative approaches under Article 6.2 had to submit reports which were then subject to a technical expert review. The review identified that there were inconsistencies when these reports were compared to the Article 6.2 requirements. The original text of the Decision stated that units which had unresolved inconsistencies could not be transferred, a so-called "red card". However, this proposal was not included in the final text.

"The impact of this decision means that buyers of ITMOs will have to do their own due diligence on these credits, because the UN will not do it for them," says Howorth. "But the significance of the lack of a red card is debatable. In reality, the market will red card any ITMOs that don't comply just as it has done in the Voluntary Carbon Markets (VCM)."

Carbon markets – further guidance on Article 6.4

The Decision on the Article 6.4 PACM had two key elements:

- The independence of the Supervisory Body – initially it was proposed that members and experts would be banned from participation in the markets, however this was argued to be impractical, as it would restrict the pool of experts to academics with no real-world experience of the markets. A compromise was reached that they would need to act with independence, impartiality and integrity.
- Methodologies and standards – attempts to introduce detailed requirements and changes were controversial and were not successful. The result was two short provisions under which the Supervisory Body was requested to continue to ensure that its standards,

methodologies and tools ensure environmental integrity, are based on the best available science and are informed by robust evidence; and to prioritise work to transition existing clean development mechanism methodologies.

The original draft wording had included a specific section on permanence and the risk of reversals. "The hidden point here is that there is a big debate going on around nature-based credits and in particular how they meet the permanence criteria," says Howorth. "For example, in a forestry project, an individual tree is not "permanent" – it will not last for centuries, but if looked at as part of a whole forest then they do last centuries and so, there is a greater buffer of regeneration and longevity. The text called for flexibility on methodologies and pleased nobody. It was seen either as an attempt to water down the standards that had been agreed in Baku, or as bringing different types of nature projects into the mechanism that they thought should not be there."

What does this mean for business?

The discussions signposted that there is still much to negotiate on Article 6. However, the market is set up, is operational and buyers are emerging. There were also some big announcements involving countries and private entities (see box).

Importantly for business, prior to COP, several governments made statements supporting carbon trading, countering the negativity around the use of carbon credits and voicing how they have a crucial role in climate finance. In addition, the Science Based Targets initiative (SBTi) announced a consultation which could change the way that carbon credits will be accepted or required.

Currently, under the SBTi standard, carbon credits can only be used by companies to achieve the last 5 to 10% of their residual emissions to enable them to make a net zero claim. The voluntary Beyond Value Chain Mitigation (BVCM) mechanism, which companies are encouraged to use, has been largely misunderstood. The consultation proposes to replace the BVCM with a new Ongoing Emissions Responsibility, which will require large and medium sized companies to take responsibility for their ongoing emissions from 2035. "SBTi already has a membership of over 12,000 companies and has been recognised as a key factor in suppressing demand in carbon markets. The proposed changes, together with the positive policy signals from governments and the changes to Article 6, could really invigorate the carbon markets," says Howorth.

Article 6 announcements:

- Honduras and Suriname, in partnership with Deutsche Bank, have signed letters of intent to develop Article 6.2 sovereign rainforest carbon credits in partnership with the Coalition for Rainforest Nations. Three German corporations will buy the credits.
- Switzerland launched the Article 6 Ambition Alliance bringing together ten countries to trade Internationally Transferred Mitigation Outcomes (ITMOs). The Developed Country members are Switzerland, Germany, Luxembourg, Norway and Sweden, and the host country partners are Peru, Chile, Mongolia, Ghana and Zambia. This initiative led to related measures, including a Swiss Buyers' Coalition for the purchase of ITMOs generated through carbon dioxide removal (CDR) projects, involving Swiss International Air Lines, Swiss Post, Swiss Re and UBS.

Voluntary carbon markets

"It's no secret that there's been turbulence in the voluntary nature-based carbon markets," says Adam Hedley, a Clifford Chance Partner who has acted for project developers, funders and investors on a range of nature-based carbon reduction and removals projects. "This turbulence has meant that the voluntary carbon market – particularly the nature-based segment – has fallen short of growth expectations in the last couple of years," he adds. Some big projects – both public and private sector – have been financed and big carbon offtake deals have been signed, but volumes remain far below what's needed to scale the market.

In the months running up to COP there was a clear sense that this was a huge opportunity to spotlight Brazil and the nature-based carbon market, to move past recent turbulence and bring in investment from corporates and banks that have stayed out of this market because of the perceived risks. "The new Article 6 carbon market could help address the image problem and quality issues that have blighted the broader non-Article 6 voluntary carbon market," Hedley says.

Before COP, Clifford Chance hosted a roundtable in São Paulo with a client, ReGreen – a major Brazilian forest restoration project developer. "What I learned at that roundtable and other events I attended was eye-opening," says Hedley. "First, project developers and corporate investors are still grappling with what "quality" means in relation to carbon reduction and removals projects, and whether it should factor in additional attributes such as social, economic or environmental co-benefits, Article 6 corresponding adjustments or benefit-sharing arrangements." Second, funders now have greater appetite to get into – or back into – the voluntary market, as the risk mitigation toolbox has matured to offer various risk solutions such as carbon ratings, insurance and more sophisticated funding structures. However, for the market to scale and attract private finance, funders need more standardisation and simplification – of quality definitions, transaction documentation and permissible green claims – and more commoditisation of carbon credits and carbon credit-derived financial products.

"It was great to learn that more DFIs and commercial banks are wanting to fund and invest in nature-based projects, but it's equally clear that we are a way off creating the right conditions for the market to scale up and for the development of a functional secondary market," says Hedley. "However, a record number of voluntary carbon market deals were announced at COP30, representing in total around US$1.1 billion of investments – a 40% increase year-on-year compared with COP29."

Deforestation

Protection of rainforests and nature was firmly on the agenda – expectations were high but COP30 fell short. The prevention of deforestation goal is enshrined in Article 5 of the Paris Agreement and was the subject of the COP26 pledge by 130 countries to halt and reverse deforestation by 2030. "Progress has been slow, but it's generally accepted that we are off track," says Hedley.

Ahead of COP30, Brazil's President Lula called for roadmaps to reverse deforestation, overcome fossil fuel dependence and mobilise resources fairly. Early drafts of the Mutirão decision included a ministerial roundtable to support national roadmaps, but fossil fuel debates overshadowed this, and no roadmap was ultimately agreed.

On a more positive note, the Tropical Forests Forever Facility (TFFF) was officially launched – a blended finance vehicle with an initial US$5.5 billion commitment from several nations for rainforest protection and restoration. The goal is to raise US$25 billion from sponsor countries and leverage that to attract a further US$100 billion from private investors in the global bond market, providing annual payments of around US$4 per hectare conserved.

"Operating rules have yet to be set out, and it has attracted criticism from civil society groups and indigenous peoples organisations. Beyond that, there seems to be some cautious optimism that a new approach like this is needed to attract private sector finance to this cause, alongside the Article 5 REDD+ programme, the Article 6 market mechanisms and the proliferation of jurisdictional and privately owned voluntary nature-based projects," Hedley says.

The role of climate and nature finance

"There is a clear and growing need to mobilise private capital for climate and nature finance," says Deborah Zandstra, a Clifford Chance Partner specialising in sovereign debt and ESG-linked transactions. Emerging and developing economies require an estimated US$1.3 trillion annually to meet climate and development goals. "There is a huge funding gap, and this is particularly demanding for emerging economies already facing debt challenges. Blended finance will remain essential, along with debt conversions and other innovative financing to close these funding gaps and attract private sector participation," she says.

COP continues to act as a catalyst for major announcements. This year, the Inter-American Development Bank, CAF and the Caribbean Development Bank launched a Caribbean multi-guarantor debt-for-resilience initiative to scale debt-for-resilience swaps, strengthen coordination among multilateral development banks (MDBs), governments and private sector partners and, improve transparency, monitoring and evaluation standards to attract investment. The three institutions plan to establish common principles for guarantee terms and KPIs for certain types of investments. Each debt swap will include a regional public good component, reinforcing collective resilience across the Caribbean.

The region is setting the pace – Barbados and the Bahamas both completed debt swaps in 2024, on which Clifford Chance advised. Both countries have benefited from the repurposing of fiscal savings in the debt swaps they have undertaken. "This IDB-CAF and CDB joint initiative should provide a good springboard for other countries to follow," Zandstra says.

Another key development was the Technical Task Force report on Sustainability-Linked Sovereign Financing for Nature and Climate. The task force includes MDBs, Development Finance Institutions (DFIs), multilateral climate funds and international organisations. Its report includes three recommendations to scale credit enhancement models for sustainability-linked sovereign financing.

First, present credit enhancement models clearly and consistently, with a centralised repository of instruments to speed up credit support and execution. "I think this should be very helpful to sovereigns and their advisers and the arranging banks who are often scrambling to see what credit support may be available," says Zandstra. Second, embed strategies within task force participants to foster the use of guarantees to support private sector mobilisation, including cross-sector capacity building. This should break down silos and unlock potential, especially as some countries underuse MDB and DFI headroom. Third, support sovereign borrowers' capacity to execute complex transactions with credit enhancements. "Inevitably, such transactions are slightly more complex and don't lend themselves well to significant templating. But as more and more transactions are undertaken, we have seen norms and practices emerging at both the transactional structuring and implementation level," she says.

Scaling will require institutions to increase lending headroom through balance sheet optimisation, hybrid capital, the use of SDRs, better financial risk management and private sector risk mobilisation, which tie in with the broader initiative by the G20 on MDBs' Capital Adequacy framework.

Nature-positive investment announcements also featured prominently. MDBs including IDB and EIB launched guidance to measure nature and scale its financing, complementing the International Capital Market Association's (ICMA) sustainable bond guidance and International Finance Corporation’s (IFC) blue finance standards. This work should help project developers and investors have better metrics and help bankability.

Amazonia Bond Issuance Guidelines, developed by IDB and the World Bank, to support the transition to net zero deforestation, received a lot of attention at COP. IDB issued its first US$100 million social Amazonia bond under its sustainable debt framework. "These guidelines align with the ICMA principles for green, social and sustainability bonds and seek to establish a sub-label of the sustainable bond market," she says. Ecuador's debt-for-nature swap – on which Clifford Chance advised in 2024 – illustrates the impact. It provided over US$400 million of funding for the Amazon Bio Corridor to protect 4.6 million hectares of existing protected areas and an additional 1.8 million hectares of forests and wetlands, as well as US$800 million in debt savings for the country by 2035. "These activities show investor interest, the power of collaboration and the desire to further catalyse investment on a strong data-anchored basis," says Zandstra.

Work also continues on resilience against climate events through contract-based mechanisms to help emerging economies manage fiscal shocks**.** This was part of the Baku-to-Belém discussions and is now in the work plan of the London Coalition (set up by the UK's HM Treasury) covering loans and bonds. The bondholder group under the Coalition proposes wider use of debt pause clauses beyond climate triggers in sovereign bonds, allowing sovereigns to defer debt under certain safeguards. Hurricane Melissa’s impact on Jamaica renewed calls for uptake. "We hope more official bilateral lenders and multilaterals will include such debt deferral mechanisms in their own lending to join the UK, Canada, Spain, France and Australia, and the IDB and the World Bank. Barbados included such provisions in its new bonds and previous debt-for-nature swaps. If others follow, this will provide liquidity during climate disasters," Zandstra says.

Climate, trade and the evolving role of COP

One of the striking developments at this year’s COP was the growing recognition of the link between climate action and global trade. "COP reaffirmed the need for an open and supportive international economic system to drive sustainable growth – particularly for developing countries – so they can better address the problems of climate change," says Roger Leese, a Clifford Chance Consultant. "This comes at a time when tariffs are disrupting trade flows, with COP making a direct request for dialogue with the WTO and International Trade Centre," he says.

Another trend is how COP is evolving. "The formal text doesn’t contain much that is new, but we are seeing a lot happening in the background – announcements, coalitions and initiatives being pushed forward between COPs," Leese says. For example, the Global Implementation Accelerator has been launched as a cooperative, voluntary initiative to accelerate implementation across all actors, keeping 1.5 degrees within reach and supporting countries in delivering their nationally determined contributions and adaptation plans. "COP is increasingly a gathering point – a reaffirmation and a catalyst for these different announcements."

But there is a risk. Nigel Howorth says: "The beauty of COP is that business is there. Climate finance requires huge amounts of private capital, and having business at the table with politicians and negotiators is essential. If discussions are pushed down to committees and technical boards, you lose that real-world input." Jessica Springsteen agrees and says, "business brings perspectives on programmatic changes, lessons from other jurisdictions and ideas for channelling money quickly and innovatively to countries that need it most."

So how do we engage business? It comes down to cooperation. Guidance alone doesn’t move capital. "It’s about sitting at the table – even in informal settings such as coffees or breakout rooms and pressure-testing ideas in real time. People need to be able to say frankly: this is bankable, this isn’t. That sense of collaboration was evident at COP and in other forums in São Paulo. If these conversations continue early and often, then that's how you get people to engage," says Jessica Springsteen.

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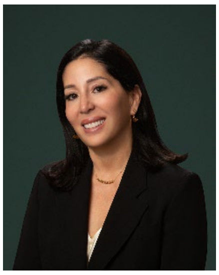

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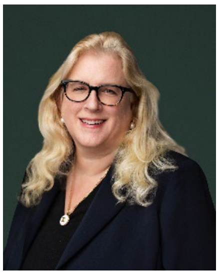

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