



# ESG Digest #29

November 2024  
COP29 Special edition





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# COP29

The Conference of the Parties (COP) is an annual UNFCCC meeting to assess climate progress and negotiate actions, aiming to limit global warming to 1.5°C, help vulnerable communities, and achieve net-zero emissions by 2050.

COP29, held in Baku, Azerbaijan, from November 11 to 22, 2024, focused on climate finance, global carbon markets, and resilient urbanization. The Parties achieved significant advancements, such as the finalization of Article 6 of the Paris Agreement, an increase of climate financing for developing countries and launched sustainability initiatives in tourism and urbanization.

# Climate Finance: Tripling Support For Developing Nations

Global leaders agreed to **triple climate finance** for developing nations, raising the target from USD 100bn to USD 300bn annually by 2035. This decision was reached on November 24, 2024, after two weeks of intensive negotiations involving nearly 200 nations.

The agreement, known as the **Baku Finance Goal**, or also the **New Collective Quantified Goal on Climate Finance (NCQG)**, aims to enhance support for vulnerable countries facing climate disasters. The initiative was driven by calls from developing nations and civil society groups for increased financial resources to combat climate change.

Additionally, a broader target of USD 1.3tn in annual financing from public and private sources by 2035 was set to ensure comprehensive support for climate initiatives.

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# Carbon Markets: Establishing Operational Frameworks



COP29 culminated in the **finalization of rules governing international carbon markets** under Article 6 of the Paris Agreement. This achievement puts an end to nearly a **decade of negotiations** among participating countries.

The agreement establishes two mechanisms:

- Article 6.2: provides guidelines for Internationally Traded Mitigation Outcomes (ITMOs). This will allow bilateral trading of carbon credits between countries.
- Article 6.4: establishes a Paris Agreement Crediting Mechanism (PACM) that creates a global crediting system for emissions reductions projects.

This framework allows countries to engage in carbon trading while ensuring environmental integrity and transparency. The operationalization of these markets is expected to facilitate emissions reductions and provide new financial flows for developing nations seeking to meet their climate commitments.

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# Nationally Determined Contributions: Strengthening Climate Commitments

Countries made significant strides in updating their Nationally Determined Contributions (NDCs), with several nations announcing their targets ahead of the February 2025 deadline.

Notably, the United Kingdom committed to reducing greenhouse gas emissions by 81% by 2035, based on 1990 levels, showcasing its leadership in climate action. The United Arab Emirates and Brazil also submitted their NDCs, targeting a 47% reduction and up to 67% reduction in emissions, respectively, by 2035.

These early submissions signal a commitment to ambitious climate goals and are part of the ongoing "ratchet mechanism" under the Paris Agreement, which encourages nations to progressively enhance their climate commitments and present more ambitious NDCs than the last.

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# Adaptation And Loss & Damage: New Support Frameworks



A historic decision was made to fully operationalize the Loss and Damage Fund, a financial mechanism established to support countries most vulnerable to climate change impacts.

This fund, established during COP27, aims to provide financial assistance for recovery and adaptation efforts, addressing both economic losses and damage to ecosystems caused by extreme climate events.

Set to begin financing projects in 2025. To date, the total pledged financial support for the Fund exceeds \$730 million.

Key agreements on the Loss and Damage Fund were signed, including the "Trustee Agreement" and "Secretariat Hosting Agreement" between the Fund's Board and the World Bank, as well as the "Host Country Agreement" between the Fund's Board and the Philippines.

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# Key Declarations unveiled to Boost Urban Resilience and Sustainable Tourism

Two significant initiatives on climate-friendly tourism were launched: **the COP29 Multisectoral Actions Pathways (MAP) Declaration for Resilient and Healthy Cities** and **the COP29 Declaration on Enhanced Climate Action in Tourism**. These initiatives aim to address climate change and enhance urban resilience.

The MAP Declaration, supported by over 160 stakeholders, emphasizes cross-sector collaboration to build resilient and inclusive cities. The tourism declaration, signed by more than 50 countries, focuses on helping the tourism sector adopt sustainable practices to reduce its environmental impact.

The UN Tourism research indicates that tourism contributes approximately 8.8% of global carbon emissions. Notably, this is the first time the COP Presidency has organized a tourism-focused thematic day.

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# Nearly 50 Countries Endorse Baku Declaration on Water for Climate Action

Nearly 50 countries signed the Baku Declaration on Water for Climate Action. This [declaration](#) commits to integrated approaches to address climate change impacts on water basins, promoting regional and international cooperation.

The initiative includes the Baku Dialogue on Water for Climate Action, aimed at enhancing continuity on water issues between COPs. The declaration also emphasizes the integration of water-related measures in national climate policies.

Prominent non-state actors, such as WWF and the Islamic Development Bank, have also endorsed the declaration.

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# UK Pledges GBP 239mln to Combat Deforestation and Support Forest-Rich Nations



The UK announced a GBP 239mln funding boost to help forest-rich nations combat climate change. This funding aims to halt and reverse deforestation, recognizing the critical role of forests as carbon sinks. The initiative includes GBP 188mln for the SCALE programme to develop high-integrity forest carbon markets, GBP 48mln to attract private investment in sustainable forest enterprises, and GBP 3mln for the UNFCCC to support forest protection efforts through REDD+ programme.

This commitment is part of the UK's broader GBP 11.6bn climate finance pledge and highlights the importance of forests in maintaining global temperature rise below 1.5°C.

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# Kazakhstan's initiatives and outcomes at COP29 (1/3)

## Kazakhstan Signed the Declaration on Reducing Methane from Organic Waste

- Over 30 countries, accounting for 47% of global methane emissions from organic waste, signed the Declaration and will set sectoral targets for methane reduction in their future NDCs.
- This initiative aligns with the Global Methane Pledge to cut methane emissions by at least 30% below 2020 levels by 2030.

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## Kazakhstan Joined Hydrogen Declaration

- Kazakhstan has committed to scaling up the production and use of renewable, clean, zero-emission, and low-carbon hydrogen by signing the [Declaration](#).
- Kazakhstan is partnering with Germany's Szevind on a green hydrogen project in the Mangistau region.

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## Kazakhstan Signed Declaration to Triple Nuclear Energy by 2050

- Kazakhstan and five other countries have joined the Declaration, bringing the total number of signatories to 31.
- OECD Nuclear Energy Agency and World Nuclear Association analyses show that global nuclear capacity must triple by 2050 to achieve net-zero emissions.

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# Kazakhstan's Initiatives and Outcomes at COP29 (2/3)

## Kazakhstan Reaches USD 3.7bn in Green Energy Agreements

- A MoU was signed with the Asian Development Bank (ADB) for future collaboration under the ADB Energy Transition Mechanism.
- An agreement was reached with China to implement projects expected to attract over USD 2bn.
- A USD 1.5bn investment agreement was made for a wind power plant project with Masdar.

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## Azerbaijan, Kazakhstan, and Uzbekistan Signed a Green Energy Partnership

- The Agreement aims to enhance energy security and foster collaboration on the green energy transition.
- The partnership is a strategic step within the APRECA\* launched by the IRENA\*\*, which aims to increase renewable energy investments and strengthen regional cooperation in Central Asia.

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## Islamic Development Bank and Kazakhstan Initiate USD 1.32bn Climate-Resilient Water Project

- The project includes 11 reservoirs for seasonal water storage and flood control, 3,400 km of irrigation networks rehabilitation, and improved river flows over 100 km. It involves training 1,100 staff and educating 100,000 people in climate-smart agriculture.
- By 2032, the project aims to sustainably irrigate 350,000 hectares, boost crop yields by 20%, and cut water loss in irrigation systems by 25%.

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\*Accelerated Partnership for Renewable Energy in Central Asia

\*\* International Renewable Energy Agency



# Kazakhstan's Initiatives and Outcomes at COP29 (3/3)

## **SPECA Climate and Innovation Dialogue Established**

- The UN SPECA\* states signed the Baku Joint Ministerial Statement to establish the SPECA Climate and Innovation Dialogue.
- This platform involves public, private, and academic sectors to boost regional cooperation in climate action, green technology, and innovation.

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## **Kazakhstan Signs Agreement to Promote Regenerative Agriculture**

- Kazakhstan's Ministry of Ecology and Natural Resources signed a memorandum with Ormex and Chapter Zero Kazakhstan to promote regenerative agriculture.
- The agreement aims to reduce carbon emissions, improve soil health, boost water retention, and preserve biodiversity nationwide.

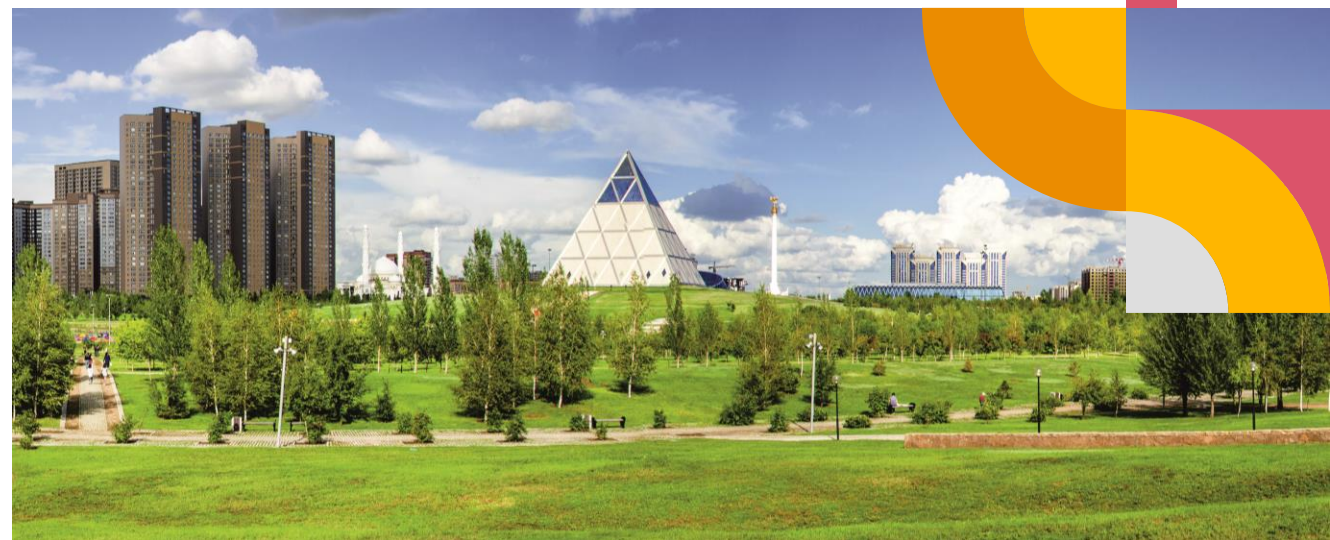
[Read more](#)

\* UN Special Programme for the Economies of Central Asia

## **Central Asian Countries Signed a Declaration on "Partnership in Climate Change, Glaciers, and Transboundary Cooperation"**

- Azerbaijan, Kyrgyzstan, Kazakhstan, Uzbekistan, the ADB and the Green Climate Fund (GCF) signed a declaration to strengthen climate change mitigation efforts in the region.
- The "From Glaciers to Households" (G2F) program was launched to address the impacts of glacier melt and ensure water and food security, with funding from GCF and ADB.

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# Other global news in November





# China Passes First-Ever Energy Law To Promote Carbon Neutrality

China has passed its first-ever energy law aimed at promoting carbon neutrality. This legislation is part of China's broader strategy to decarbonize its economy by 2060 and focuses on high-quality energy development, national energy security, and a green, low-carbon transition. It includes provisions for energy planning, development, utilization, and innovation.

The law comprises nine comprehensive chapters and will take effect on January 1, 2025, and is expected to play a crucial role in China's efforts to peak carbon emissions by the end of the decade and achieve net-zero emissions by 2060.

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# IAASB Releases New International Sustainability Reporting Assurance Standard



The International Auditing and Assurance Standards Board (IAASB) has issued the International Standard on Sustainability Assurance (ISSA) 5000 to standardize sustainability practices globally.

The standard aims to enhance the reliability of sustainability reporting, aligns with IOSCO recommendations, and is compatible with other standard setters, including the IESBA, EFRAG, the International Sustainability Standards Board, the IFRS Foundation, the Global Reporting Initiative, and others. ISSA 5000 will come into effect in January 2025, with additional guidance materials to be released later.

[Read more](#)



# EU Approves New Regulation for ESG Ratings Providers

The EU Council adopted new legislation to regulate ESG ratings providers, aiming to enhance the reliability and comparability of ESG ratings. This regulation mandates that ESG rating providers in EU be authorized and supervised by the European Securities and Markets Authority (ESMA). It also requires transparency in methodologies and sources of information to prevent conflicts of interest.

The new rules are expected to boost investor confidence in sustainable financial products by ensuring consistent and transparent rating activities. ESG rating providers outside the EU must obtain endorsement or recognition to operate within the EU. The regulation will come into force 20 days after publication and will apply 18 months later.

[Read more](#)



# ECB and EU Authorities Release 'Fit-for-55' Climate Stress Test, Highlighting Transition Risks and Financial Stability

The European Supervisory Authorities and the European Central Bank (ECB) have published the results of the “Fit-for-55” climate stress test, revealing that transition risks alone are unlikely to undermine EU financial stability. The test evaluated three transition scenarios linked to the “Fit-for-55” package, designed to drive investment and innovation in the green economy. These scenarios were assessed across EU banking, investment funds, occupational pension funds, and insurance sectors.

First-round losses from transition risks are estimated between 5.2% and 6.7% over eight years. However, when combined with macroeconomic shocks, losses could rise to 10.9% to 21.5%, depending on the sector. The report underscores the need for coordinated policy action and the integration of climate risks into financial strategies to meet the EU’s 2050 climate neutrality target.

[Read more](#)





# EU Approves First-Ever Certification Framework for Carbon Removals and Farming



The EU Council has approved the first EU-level certification framework for permanent carbon removals, carbon storage in long-lasting products, and carbon farming practices that enhance carbon sequestration in soils and forests.

This voluntary framework aims to enhance the quality and transparency of carbon removal activities, supporting the EU's goal of climate neutrality by 2050.

Certification will require independent verification and adherence to strict criteria to ensure environmental integrity and prevent greenwashing. A digital registry in the EU will track certified units and ensure operators comply with mechanisms in place.

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# November Sees Major Advances in Sustainable Aviation Fuel (SAF) Agreements



International Airlines Group (IAG), which owns Aer Lingus, British Airways, Iberia, Vueling, and LEVEL, has signed a 10-year agreement with Infinium to purchase Electro-Sustainable Aviation Fuel (e-SAF), a fuel derived from renewable energy. [Read more](#)



Air Canada has agreed to buy 77.6 mln liters (60,000 tons) of Neste MY Sustainable Aviation Fuel™. This marks its first commercial import of SAF into Canada, aiming to meet 1% of its jet fuel needs with SAF by 2025, supporting its net-zero emissions goal by 2050. [Read more](#)



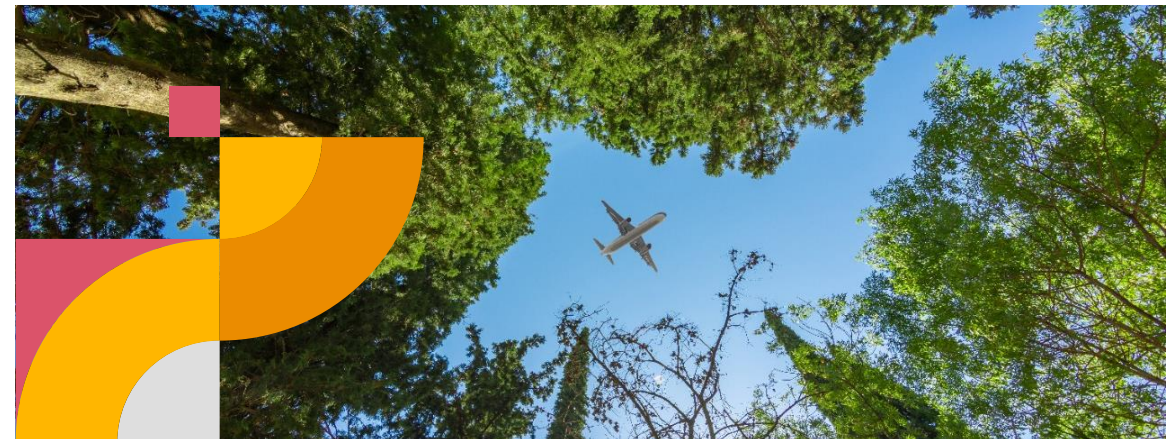
BlackRock, Block, Ripple, and Samsara invested USD 200mln in SAF. Coordinated by the Sustainable Aviation Buyers Alliance (SABA) and facilitated by Watershed, the investment will supply 50 million gallons of SAF to Alaska Airlines, helping to offset emissions from business travel. [Read more](#)



A strategic collaboration announced between Airlines for America (A4A) and California Air Resources Board (CARB) to promote SAF use in the state of California. The partnership aims to reach 200 million gallons (267,361 tons) of SAF by 2035, fulfilling 40% of intrastate travel demand. [Read more](#)



On November 7, the discussion on sustainable aviation development and environmental protection held between Kazakhstan's Ministry of Ecology and ICAO. Kazakhstan also reaffirmed its commitment to ICAO's 2050 net-zero emissions goal. [Read more](#)





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