

ESG

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COP30 Expectations

Summary

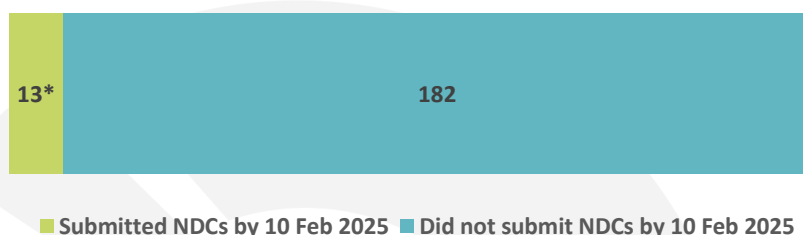
- COP30, the climate summit due to take place in Belém, Brazil, from 10 to 21 November 2025, is expected to confront major climate challenges around next generation national climate action plans, international carbon markets, climate finance and forest conservation.
- While there is concern over the withdrawal of US participation in climate talks, there are expectations for major economies like China and the EU to step up to fill the leadership void.

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Taking stock of more ambitious national climate action plans

Nationally Determined Contributions (NDCs), which are submitted every five years (i.e. 2020, 2025, 2030) to the UNFCCC¹ secretariat, embody countries' efforts to reduce national emissions and achieve the long-term goals of the Paris Agreement. Countries were expected to come forward with the submission of their national climate action plans by 10 February 2025, that boost 2030 targets with an implementation timeframe leading up to 2035. These NDCs are expected to be more ambitious than the previously submitted NDCs and reaffirm the pledges made at past climate summits, as well as reflect the outcomes of the 2023 Global Stocktake from COP28.

However, most countries missed the deadline to update their NDCs, citing technical issues, economic pressures and political uncertainty. Only 13 (~7%) of the 195 signatories to the Paris Agreement submitted their updated NDCs by the 10 February deadline, including Brazil, the UK, Switzerland and Singapore. In response, the UNFCCC secretariat informally extended the deadline to September 2025.



*Includes submission by the US under former President Biden, but President Trump has since announced the US' withdrawal from the Paris Agreement

Source: NDC Registry, UNFCCC, OCBC

¹ The United Nations Framework Convention on Climate Change (UNFCCC) is the principal global treaty for coordinating international responses to climate change, which provides the foundation for the Paris Agreement.

Notably, major global emitters like China and the EU did not meet the 10 February deadline but plan to submit their 2035 NDCs before COP30. These submissions will be crucial for narrowing the global emissions gap. COP30 is expected to focus on transforming ambition into actionable plans, clear finance commitments, transparent accounting and enhanced international cooperation. The updated 2035 NDCs will be critically assessed in a synthesis report ahead of COP30, that will highlight the shortfall in ambition and frame negotiations on stronger climate actions and cooperation at the summit.

Operationalising international carbon markets

COP29 last year saw progress in discussions surrounding Article 6 of the Paris Agreement, which governs cooperative mechanisms such as the international trade in carbon credits. Parties saw strong momentum behind bilateral carbon credit agreements and reached a consensus on the standards for Article 6.4 and a dynamic mechanism to update them. These developments are likely to increase optimism for advancements in operationalising high-integrity and functional international carbon markets at COP30. As the COP30 host, Brazil faces both pressures and opportunities to demonstrate Article 6 leadership and influence global momentum, given its vast nature-based resources and significant renewable energy potential.

A range of technical, outreach and capacity development initiatives kept the operationalisation of Article 6 on track in Q2 this year, according to the UN. This includes stakeholder dialogues on the Article 6.4 mechanism, also known as the Paris Agreement Crediting Mechanism (PACM), as well as PACM training to build confidence in PACM participation.

Technical experts also assessed Article 6.2 cooperation countries' initial reports, aiming to enhance transparency regarding bilateral cooperation among parties involved in Article 6 discussions. In the region, Singapore and Thailand signed an Implementation Agreement on carbon credits collaboration under Article 6, marking the first Implementation Agreement that Singapore has signed with an ASEAN country. Project developers can leverage this framework to develop high-quality carbon credit projects that are aligned with the Article 6 rulebook. In addition, Singapore and Malaysia are working towards finalising an Implementation Agreement in due course. Indonesia plans to present carbon trading potential at COP30 and highlight credible carbon offset opportunities that align with global standards, with potential carbon cooperation opportunities with South Korea and Japan in the palm oil sector and Renewable Energy Certificates (RECs) respectively.

The integrity of carbon credits remains a priority in the international carbon market, as countries seek to ensure that carbon credits represent genuine additional, and verifiable emissions reductions or removals. The continued work of governments and ongoing capacity-building initiatives will be essential to refine the mechanisms and maintain high integrity standards, thereby enhancing the credibility and effectiveness of international carbon markets under the Paris Agreement.

Mobilising climate finance amid global political dynamics

COP29 in Baku last year, dubbed the 'Finance COP', set a new global goal to triple climate finance for developing countries to US\$300bn annually by 2035, up from the previous goal of US\$100bn annually. While tripling the previous target was a meaningful stride amid complex global circumstances, developing countries expressed disappointment and criticised the deal for being insufficient. The contentious agreement involves a broader goal to raise US\$1.3trn in climate finance annually by 2035, which will include funding from all public and private sources.

COP30 is expected to focus on who pays for developing countries' energy transition, putting pressure on other developed nations to fill the gap left by the US withdrawal from the Paris Agreement. Developing countries, including Southeast Asian countries, could see implementation delays in energy transition projects if climate finance flows stall, unless other major economies like China, Japan or the EU step up.

The Baku to Belém Roadmap to US\$1.3trn was launched, aimed at scaling up climate finance to developing countries in support of enhancing climate-resilient development and implementing the NDCs. The June Climate Meetings (SB 62) saw events to move progress on climate finance forward, including the workshop under the Sharm el-Sheikh Dialogue to enhance delegates' understanding of Article 2.1(c)² of the Paris Agreement and its relationship with climate finance provisions. In addition, there were two consultation events on the Baku to Belém Roadmap to US\$1.3trn at SB 62, coordinated by the COP29 and COP30 Presidencies, Azerbaijan and Brazil respectively, who will work together to produce a final roadmap document before COP30. Translating these climate finance commitments into concrete, equitable and accessible finance flows for developing countries is expected to be a key priority for COP30.

Conserving forests

COP30 is set to take place in the Amazon, amplifying global attention on forest protection efforts. A coalition of civil society organisations, scientists and community leaders presented a set of recommendations to the COP30 presidency prior to COP30, with the aim of scaling up financing for nature-based solutions focused on the Amazon rainforest. The document highlighted the importance of tangible proposals for forest protection, such as the creation of the Tropical Forests Forever Facility (TFFF), a large-scale financing mechanism dedicated to supporting tropical forest conservation. This fund, currently in its preparatory phase, is expected to be a top financing priority due to be formally launched at COP30. Once operational, the TFFF will provide annual, performance-based payments for every hectare of eligible standing forest, with at least 20% of payments flowing directly to indigenous peoples and local communities. Its launch at COP30 is anticipated to set a new benchmark for large-scale climate finance dedicated to tropical forest conservation.

² Article 2.1(c) is one of the three main goals of the Paris Agreement and focuses on making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

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