



FSUG statement on key topics during COP29

The Financial Services User Group (FSUG) highlights its support towards the main objectives of the United Nations Climate Change Conference (COP29)¹, which convenes world leaders annually to discuss tackling climate change through concrete measures, such as a fund to support developing countries addressing loss and damage from climate change by way of the New Collective Quantified Goal on Climate Finance (NCQG)², advancing transparent carbon markets and collaborative emissions reductions³, establishing Nationally Determined Contributions (NDCs) that uphold the 1.5°C limit⁴ to global warming and transitioning away from fossil fuels worldwide⁵.

Since COP28, several commitments have begun to take shape. The establishment of the Loss and Damage fund represented a significant milestone, as the first dedicated mechanism designed to assist vulnerable nations in addressing the impacts of climate-related disasters. Furthermore, the NCQG aimed to mobilize \$100 billion annually for developing countries to bolster their adaptation efforts. Initial progress was also made in refining Article 6 of the Paris Agreement to enhance transparency in international carbon markets. However, these initiatives require further action vis-à-vis meaningful enforcement mechanisms, as Article 6 still does not hold nations accountable for emissions reductions.

With this year's COP29, the focus will be on expanding these pledges, but success relies on addressing the persistent gaps. Marketed already as the 'Finance COP', the expectation is to align climate financial contributions with global needs. Targeted engagement between the public and the private sector at scale are necessary to unlock increased investments in climate action⁶. However, an exclusive focus on market-driven solutions may overlook alternative approaches. As innovative financing tools like debt-for-climate and debt-for-adaptation swaps gain traction, they should be prioritized at COP29 to facilitate funding for climate-oriented projects. Further, measures to align financial institutions' behaviours with climate objectives (such as common understanding on transition planning and recognition of climate-related risks) are necessary to deliver on the global climate commitments.

As the European Commission transitions to new leadership, COP29's alignment with the consumer agenda presents a critical opportunity for evaluation. This year's commitment to climate accountability, management of risk and transparency challenges the Commission to offer consumers truly sustainable options and implement ambitious policies that empower them to make informed climate-conscious choices without the risk of greenwashing.

With the updates to the nationally determined contribution (NDC) approaches, achieving a strong outcome at COP29 is critical to send a strong signal of progress. By addressing the finance gap and promoting effective mitigation and adaptation and inclusive solutions, COP29 can pave the way for comprehensive climate action.

About FSUG

https://finance.ec.europa.eu/regulation-and-supervision/expert-groups-comitology-and-other-committees/financial-services-user-group-fsug_en

¹ <https://unfccc.int/cop29>

² https://unfccc.int/sites/default/files/resource/UNFCCC_NCQG2023_flyer_web.pdf

³ <https://unfccc.int/process/the-paris-agreement/cooperative-implementation>

⁴ <https://unfccc.int/process-and-meetings/the-paris-agreement/nationally-determined-contributions-ndcs>

⁵ <https://unfccc.int/news/cop28-agreement-signals-beginning-of-the-end-of-the-fossil-fuel-era>

⁶ <https://www.consilium.europa.eu/media/br0jbgpj/st14288en24.pdf>