



Climate Club 2024

Annual Report

Introduction

The Climate Club aims to drive global industrial decarbonisation. It pursues a comprehensive approach with work on direct measures in the industrial sector, especially steel and cement, on overarching questions about the mix of policy instruments and the prevention of carbon leakage as well as support for emerging markets and developing economies (EMDEs). Since its full launch at the 28th Conference of Parties (COP28) in Dubai, the Climate Club has become an internationally recognised forum for exchange on industrial decarbonisation.



In 2024, the Climate Club, has made the following achievements, among others:

- 1.** Promising steps towards a common understanding of how to deal with potential risks of ambitious industrial decarbonisation, especially carbon leakage (risk of production re-location due to ambitious climate policy) and other spillover effects to explore options for cooperative approaches.
- 2.** Joint affirmation of the International Energy Agency (IEA) principles for definitions of “green” steel and cement, as well as recognition of convergence towards threshold values for steel and cement production that are compatible with the net-zero, 1.5°C pathway scenario and the work by IEA on these issues.
- 3.** The Global Matchmaking Platform (GMP) is fully operational since COP29, main support mechanism of the Climate Club, designed to fast-track the decarbonisation of heavy-emitting industries and accelerate low-emission industrial development in EMDEs. The GMP matches requests for support for industry decarbonisation coming from EMDEs with technical and financial assistance.



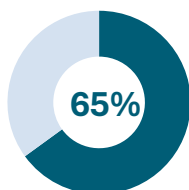
In only one year since it was launched, the Climate Club has shaped the international discussions at the interface of climate protection, economic growth, and industry. A year after its official launch, Climate Club Leaders and high-level representatives convened again at COP29 in Baku, to strategically exchange on the Climate Club.

Membership

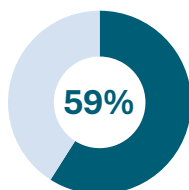
The Climate Club has been growing since its creation at COP28 and currently consists of 43 members from diverse geographies.



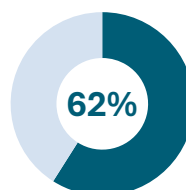
Globally the Climate Club members represent:



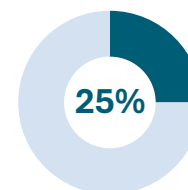
of steel and iron exports



of cement exports



of global GDP



of industrial emissions

Governance Arrangements

- The **Body of Members** (BoM) is the central decision-making body of the Climate Club. It usually meets at ministerial or departmental level.
- Since September 2024, a **Steering Group** of 9 Climate Club members, including Co-Chairs has been providing strategic and operational advice.
- An **Interim Secretariat** was created, jointly hosted by the Organisation for Economic Cooperation and Development (OECD) and the IEA. It supports the Climate Club both in the implementation of the Work Programme and in administrative tasks. Successful cooperation with both organisations has continued with a permanent secretariat, continuing to be co-hosted by the OECD and the IEA starting in 2025.

Pillar I *Advancing ambitious and transparent climate change mitigation policies*

Introduction and Results

There is an urgent need for the development and use of reliable, comparable, and easy-to-communicate emissions intensity metrics, as they are a key tool for decarbonising industry. The Climate Club addresses the risk of parallel efforts which create a fragmented landscape.

The ambition and mitigation policies for the industry decarbonisation differ significantly across countries. Such differences can result in negative spillovers, such as carbon leakage, undermining mitigation efforts. Therefore, there is an interest in avoiding those spillovers and identifying possible ways to cooperate. The Climate Club serving as a platform to facilitate that cooperation.

In their COP29 Statement, the Climate Club members acknowledged:

- The diversity in decarbonisation policy approaches and timing, as well as different starting conditions may have international spillover effects and could lead to the fragmentation of climate action.
- The possibility of carbon leakage undermining climate ambitions and the overall effectiveness of mitigation efforts.
- The risk of carbon leakage and other spillovers affecting the competitiveness of manufacturers in countries with ambitious climate mitigation policies, the viability of investments in decarbonisation, business confidence, the political acceptability of climate policy measures, and their effectiveness at reducing global emissions.
- International cooperation reducing the risk of negative spillovers, increasing the acceptability of measures to mitigate climate change and also creating positive spillovers such as knowledge and technology sharing.
- The importance of intensifying technical support to potentially affected countries and to keep in mind the central role of the industrial sector for economic development, as well as the aim to work towards just transitions.

The Climate Club members intend to deepen the conversation on the risks of building and maintaining new facilities in hard-to-abate sectors that do not align with the transition to net-zero emissions.

Pillar I *Advancing ambitious and transparent climate change mitigation policies*

Work and Output

Strategic Dialogues on causes and relevance of spillovers from mitigation policies

Members engaged in a series of three strategic dialogues, which were held on 23 April 2024 during the 1st Body of Members meeting, on 10 July 2024 and on 26 September 2024 during the 2nd Body of Members meeting, to:

- (i) Share their assessment of causes and relevance of spillover risks such as carbon leakage,
- (ii) Discuss their strategies to mitigate such risks, and
- (iii) Identify possible ways to deepen their co-operation.



The results of those dialogues are recapped in the [Summary Report](#) prepared by the OECD.

The report goes into a detailed analysis of both domestic policies and ways of international co-operation to address carbon leakage.

Report on the challenges facing the computation of product- and sector-level carbon intensities

Based on the work of the OECD's flagship initiative, the Inclusive Forum on Carbon Mitigation Approaches (IFCMA), the OECD has analysed the challenges in calculating product- and sector-level carbon intensities for steel and cement.

This analysis aims to foster a shared understanding that can guide the design, implementation, and evaluation of climate change mitigation policies and strategies while also informing discussions on carbon leakage risks and how to manage them.

Preliminary findings were presented and discussed in two technical meetings with government experts from Climate Club members and in an industry roundtable with representatives from industry associations and corporations in the steel and cement sectors. The final report will be published on the Climate Club website and the OECD library in early 2025.

Pillar II *Transforming industries*

Introduction and Results

Advancing industry decarbonisation requires a significant demand uptake for near-zero emissions products e.g. through lead markets, as well as enabling conditions and policies that make these products the preferred business case. Comparable and interoperable definitions for near-zero and low-emissions materials and accounting methodologies to measure emissions are highly demanded by various actors, including the private sector. At the same time, coordinated action between governments and corporations, across regions and sectors, can send strong market signals to accelerate the industry transition. The development and implementation of successful policies for the support of industry decarbonisation are also of critical importance for reaching government climate objectives.

In 2024 key progress was made on discussions related to common interoperable global standards and definitions and their underlying principles.

In their COP29 Statement, the Climate Club members acknowledged:

- Lead markets for near-zero emissions materials play a significant role in accelerating industrial decarbonisation and should be scaled up this decade.
- The importance of mutually recognised interoperable systems for accurately measuring and verifying emissions intensity in energy-intensive industrial sectors and general definitions for near-zero emission steel and cement production.
- Emerging convergence of proposals for near-zero emissions threshold values for steel and cement production that are compatible with the net-zero, 1.5°C pathway scenario, and the aim of aligning threshold values through work within the Climate Club.
- Several emerging standards proposals may be compatible with incentivising near-zero and low-emissions materials, and that a process is needed to facilitate their interoperability.
- Their intent to explore possibilities for adopting definitions in domestic policies.
- The need to use and build on already existing emissions measurement methodologies for products and production processes.
- A call on standardisation bodies to assess the need for additional key details in emissions reporting and close important gaps in different standards to facilitate interoperability.
- The aim to initiate work with and via the processes of existing global standard setting bodies to technically implement the results and principles of the Climate Club.

Pillar II *Transforming industries*

Work and Output

[Summary report and strategic exchanges on definitions for near-zero and low-emissions steel and cement, and emissions measurement methodologies](#)

The IEA developed a report for the Climate Club – [Definitions for Near-Zero and Low-Emissions Steel and Cement, and Underlying Emissions Measurement Methodologies: Summary of Emerging Understandings](#) – summarising the state of the international conversation and emerging understandings on definitions for near-zero and low-emissions steel and cement, as well as underlying emissions measurement methodologies.

The report highlights how definitions can underpin enabling policy mechanisms; the convergence of major definitions proposals around similar threshold values for near-zero emissions steel and cement; and an acknowledgement on the need to work towards interoperability and net-zero compatibility of the emissions measurement methodologies and reporting tools that underlie definitions. It also shows the emerging common understanding on principles for definitions and lays out this set of principles to aid discussions and to give clarity amid multiple emerging proposals.

[Analysis on demand and supply measures for the steel and cement transition](#)

The IEA carried out an analysis of demand- and supply-side considerations for the industry transition to (i) provide evidence for why demand and supply measures are critical to kick-start markets for near-zero emissions materials, (ii) summarise progress to date in growing these markets, and (iii) highlight gaps in progress that rationalise government action. In addition, the analysis offers considerations and options for possible voluntary, coordinated measures on the demand- and supply-side for industrial decarbonisation. The final report will be completed early 2025.

[Interactive policy toolbox for industrial decarbonisation](#)

The IEA created for the Climate Club an updated policy toolkit for the steel and cement sectors, providing information on industrial decarbonisation policy options towards the achievement of long-term government climate objectives. The toolbox aims to become a go-to hub to support governments in designing and fine-tuning industry decarbonisation strategies, offering a guide for countries as they develop policies tailored to their diverse resource endowments and local conditions. The report will be published on the IEA and Climate Club websites in 2025.

[Additional deliverables for steel sector decarbonisation](#)

Furthermore, the OECD prepared reports for the Climate Club on steel decarbonisation policies, on supply side pledges on steel decarbonisation, and on global green iron markets.

Pillar III *Boosting international cooperation and partnerships*

Introduction and Results

EMDEs will play a leading role in successful climate action, including through decarbonising their existing manufacturing industries and leapfrogging emissions-intensive production routes.

The Climate Club enhances international cooperation, with a focus on leveraging public and private finance and technical assistance. It offers EMDEs routes to accelerate their industry decarbonisation – considering principles of just transition, gender, and social inclusion.

COP29 Global Pledge

On 18 November 2024, in the context of the Climate Club, the Breakthrough Agenda and other relevant initiatives, the Climate Club members Canada, Germany and the United Kingdom together with the Climate Investment Funds (CIF) announced the “COP29 Global Pledge: Scaling international assistance for industry decarbonisation”, providing USD 420 million for industrial decarbonisation efforts in EMDEs. The CIF Industry Decarbonisation Investment Programme plans to deploy up to an additional USD 1 billion in concessional finance in support of this agenda. This joint commitment 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.

Launch of the Global Matchmaking Platform (GMP) and pilot projects

Since mid-2024, the GMP has launched pilot projects with various countries, including Argentina, Cambodia, Chile, Colombia, Indonesia, Kenya, and Morocco, with technical and financial support now beginning to flow after successful matches.

At COP29, the United Nations Industrial Development Organisation (UNIDO), as its secretariat, officially launched the Climate Club’s GMP in the presence of key donors and partner organisations, opened to all countries, members and non-members of the Climate Club.



In their COP29 Statement, the Climate Club members.

- Recognised that the financial and technical assistance for industrial decarbonisation in EMDEs will have to be further prioritised;
- Acknowledged that there is an urgent need to scale up support for industrial decarbonisation.
- Affirmed that increasing awareness and promoting the implementation of new financing instruments and enabling conditions are essential for effective private capital mobilisation.
- Highlighted the Global Matchmaking Platform as the central support mechanism of the Climate Club for industrial decarbonisation.
- Called on its network of partners, potential partners, the donor community, financiers, and investors to contribute support and assistance through the Global Matchmaking.

Work and Output

Mapping Report

The work of Module 1 was presented in the report “[*Mapping financial and technical assistance for industry decarbonisation in emerging markets and developing economies: Taking stock of trends in hard-to-abate sectors*](#)”.

The report was launched during New York Climate Week on 26 September 2024, and it was prepared by the OECD for the Climate Club.

Based on extensive research using the OECD databases, publicly available data on climate funds, philanthropies, and institutional investors, as well as on interviews conducted with international finance institutions and multilateral development banks, the authors released the first mapping undertaken on financial and technical assistance for industry decarbonisation in EMDEs. The report highlights that the financial and technical assistance for industry decarbonisation in this area has not received the necessary attention so far.

It also highlights that there is considerable space to tap into a wider range of providers, recipient countries and financing instruments. Likewise, recipient projects have focused on incremental emission reductions rather than on disruptive approaches. Various funds and IFIs programmes currently cover the industry sector, but not in a targeted way. However, there is a growing interest from IFIs and funds in developing industry decarbonisation projects and innovative financing mechanisms.



Toolkit for financing industry decarbonisation

The OECD developed a financing toolkit for the Climate Club which lists and categorises instruments that are successful in financing industry decarbonisation projects. The selected instruments can help advance low-carbon solutions within EMDEs and are categorised into economic, de-risking and financing instruments. They were each linked to a case study relevant to industry decarbonisation highlighting the success factors of their implementation. The toolkit also provides a deep dive into examples of low-carbon technologies that could accelerate decarbonisation of the steel, cement, and petrochemical industry sectors.

Framework for capacity building programme design for industry decarbonisation financing

Under Pillar III the OECD developed a framework for capacity building programme design which highlights the gaps and needs to financing industry decarbonisation across industry sectors, technologies and countries. The work was informed by a needs assessment survey with over 50 surveyed stakeholders across 10 EMDEs which was followed up by 12 deep dive interviews with Climate Club members. The framework proposes core elements for a capacity building programme and an implementation strategy tailored to the characteristics and needs of the Climate Club member countries.

Global Matchmaking Platform Development



The [GMP](#), with its Secretariat hosted by the UNIDO, is the main support mechanism of the Climate Club to coordinate and accelerate the delivery of technical and financial support for industry decarbonisation to EMDEs since 2024.

Requests for support are matched with already existing and brand new financial and technical support measures.