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Green Industrialisation at COP 31 – Prospects and Opportunities

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ABSTRACT

Green industrialisation has gained significant momentum in policy discussions in recent years, broadening its focus beyond industrial decarbonisation to include pathways for new green sectors, including manufacturing for green goods and services, and integrating into and moving up their value chains. The COP 31 Presidency has made green industrialisation one of their key priorities. This note discusses the policy initiatives on green industrialisation at COP 31. It highlights the opportunities for developing countries from promoting green industrialisation, such as for increasing their international trade, attracting foreign investment and finance into climate-relevant sectors, beneficiation of natural resources, economic growth, and decent job creation. It concludes by considering how UNFCCC processes and national climate policies can support green industrialisation in developing countries.

KEYWORDS: COP 31, UNFCCC, Green Industrialisation, Global South

KEY MESSAGES

- *COP 31 should pivot the international community towards a comprehensive agenda for accelerating green industrial development in the Global South*
- *Developing countries need to align opportunities from international institutions and national policy instruments to capture greater economic benefits and generate decent jobs from green industrialisation.*
- *Green industrialisation initiatives should create coherence between policy frameworks for international trade, investment, technology sharing, and climate action to establish bankable green project pipelines and integrate into climate-relevant global value chains.*

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I. Introduction

At the 31st session of the UN Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP) in Antalya, Türkiye, significant attention will be given to accelerating implementation of the actions needed to mitigate greenhouse gas (GHG) emissions, adapt to climate change and ensure a global just transition.

The dimensions and implementation of a "just transition" is understood by countries according to their own national contexts and needs. For developing countries looking to move towards low-carbon development pathways, green industrialisation is a key element of their just transition. This is reflected in discussions at the multilateral level as economic aspects of climate action gain increasing salience, with more countries adopting climate-related trade, investment and industrial policy measures. In this rapidly evolving policy milieu, Global South countries need to identify how they can continue their economic growth and sustainable development, while reducing GHG emissions and adapting to climate change, in line with their Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs).

Reducing industry-related GHG emissions has been integral to this effort. Previously, the focus at COP was on industrial decarbonisation, with initiatives like the Industrial Decarbonization Program launched at COP 27 in Sharm el-Sheikh in 2022, which aimed at helping "developing countries decarbonize hard-to-abate industries such as iron and steel, cement, chemicals and petrochemicals, aluminium, and pulp and paper".

The agenda has broadened to include green industrial development alongside industrial decarbonisation, which encompasses the development of the renewable energy sector, greening of supply chains and reducing the carbon intensity in manufacturing processes, among others. This was most pronounced at COP 30 in Brazil, which produced the Belém Declaration on Global Green Industrialization. The Declaration has garnered the support of around 50 stakeholders, including 19 countries (as of April 2026).

For many Global South countries, effective climate action requires enabling green industrialisation and economic diversification alongside industrial decarbonisation as a core component of a just transition. Achieving this requires a holistic effort that includes the provision of investment in climate-relevant sectors, mobilising climate finance, transfer of clean technologies, participating in international trade in green goods and services, technical assistance and capacity building. This requires, in turn, extensive international cooperation with engagement of various stakeholders across the different policy areas.

This note first reviews some of the expected developments on green industrialisation at COP 31. It then highlights how developing countries can harness the opportunities for enabling their just transition and sustainable development, and provides some concluding remarks and recommendations.

II. Green Industrialisation at COP 31

Building on the progress made in Belém, COP 31 seeks to advance policy dialogue and practical mechanisms for inclusive green industrial transformation, that supports developing countries efforts to move towards low-carbon development pathways and have a just transition.

Given the importance of this issue, the COP 31 presidency has included green industrialisation as one of their Action Agenda priority themes, focusing on strengthening international coordination; transparency and monitoring; policy dialogue and support for industrial transformation. In a letter in August 2026, the Presidency further highlighted their priority and vision of green industrialisation, emphasising how it can "accelerate competitive, resilient, low-carbon industrial production through international cooperation, investment, and technology deployment across hard-to-abate sectors...".

Significant attention is thus being given at COP 31 to solutions that promote the deployment of clean technologies through strengthening international cooperation, access to finance and technology sharing for green industrial development. Green Industrialisation and Low-Carbon Manufacturing will also feature as part of the thematic day on Science, Industry and Technology on 16 November 2026. This focus at the multilateral level also complements regional developments on green industrialisation, such as on the African continent (see Box 1).

2.1. Least Developed Countries Green Industrialization Facilitation Mechanism (LDC-GIF)

This initiative has been proposed by the COP 31 Presidency as a "global, agile and demand-driven mechanism to connect LDC priorities and opportunities with appropriate green technologies, technical expertise, project development support and existing sources of finance". It aims to "turn identified country needs and existing project opportunities into implementable green industrial investments by matching them with proven solutions, technology providers, technical and development partners, infrastructure and financing". According to its proponents, the mechanism will be country-led and demand driven; address technology transfer, capacity development, infrastructure access, project maturation and finance in an integrated manner; facilitate South-South, triangular and broader international cooperation; and be aligned with the Doha Programme of Action for LDCs. It will commence with ten pilot projects in LDCs, with the UN Technology Bank envisaged to serve as its secretariat. As part of its initial 3-year targets, the mechanism seeks to mobilize a total net investment of about US$ 100 million for the selected industrial projects. Technical support will also be needed for LDCs to identify and prepare viable projects to attract investment. By nurturing projects from their early stage to making them bankable or close to bankability, the mechanism could provide the last mile push needed to expand

manufacturing capacity, raise local value addition and accelerate green industrialisation in LDCs.

2.2. The Global Green Industrialization Agenda

The Global Green Industrialization Agenda (GGIA) was proposed on 8 April 2026 to support the implementation of the Belém Declaration on Global Green Industrialization. Hosted by UNIDO, "the GGIA is being established to spearhead multilateral collaboration on green industrialization – convening cleantech production, renewable energy deployment and industrial decarbonization – by advancing enabling policy frameworks, facilitating investment-ready pipelines and mapping international cooperation to support industrial green transformation". Its formal launch is expected at COP 31. Along with advancing the implementation of the COP30 Joint Statement and Roadmap on International Assistance and Partnerships for Green Industry Transitions, this initiative is expected to bring together different stakeholders to coordinate and scale up supporting for implementing green industrial projects.

Box 1 – Green Industrialisation in Africa

At the regional level, the African Green Industrialisation Initiative (AGII) has continued building momentum in its implementation, with its secretariat now established in Nairobi. The European Bank for Reconstruction and Development (EBRD) recently signed on to the AGII Cooperation Framework, which mobilises capital to invest in green industrial projects. The AGII Joint Project Preparation Platform, which is designed to foster regional value chain projects, develop a pipeline of bankable projects, reduce transaction costs, shorten project development timelines and improve investment readiness, has also advanced. Further impetus has been provided to Africa's industrialisation by African Union Heads of States and Governments who have mandated the initiation of negotiations on a new Protocol on Industrial Policy and Development as an integral part of the legal framework of the African Continental Free Trade Area.

As Dev and Goswami have argued, green industrialisation can no longer sit outside the COP discussions, given the key role it can play in enabling economic growth, decent job creation, and sustainable development in the Global South – while reducing reliance on fossil fuels and advancing the just transition.

III. Where do green industrialisation opportunities lie?

While the initiatives outlined in the previous section can provide useful policy directions and much-needed support for developing countries and LDCs to spark their green industrial development, the financial and technical resources currently being provided fall well short of the actual needs in the Global South. A South Centre policy brief has previously highlighted access to finance and green technologies, as well as

technical capacity and policy space constraints as some of the key challenges for developing countries in their green industrialisation efforts.

The different aspects of green industrialisation (encompassing trade, investment, finance, technical assistance and capacity building, among others) are currently being addressed across multiple international rules and fora rather than through a single dedicated framework.

The importance of international trade for green industrial development was highlighted in a recent communication to the WTO by a group of countries, noting that "Industrialization could be accelerated through measures to facilitate trade and investment integration, that is, measures to help connect productive capacity enabled through investment with market opportunities and linkages generated by trade". In this context, well-designed trade and investment agreements can play a useful role in providing firms, especially micro, small and medium enterprises (MSMEs), and investors with a reliable and predictable policy framework, while advancing national development priorities and preserving regulatory space. Such agreements should also be periodically reviewed to assess their contribution towards fostering productive capacities, clean technology transfers, and market access for developing countries for green goods and services.

Similarly, investment attraction and facilitation has to play a more prominent role for matching investors and financial institutions with green industrial projects. This requires action at both the domestic and international fronts. At the national level, countries need support to identify and prepare projects that advance national priorities, strengthen domestic productive capacity and generate decent employment. Project preparation and appropriate financing should help make these investments viable and support structural transformation in developing countries. For African countries, the UN Trade and Development (UNCTAD) notes that development depends "not only on how much investment arrives, but on how effectively countries turn it into jobs, technology transfer and industrial upgrading - through project preparation, risk-sharing mechanisms, reliable power and transport infrastructure, and regional corridors linking smaller markets to larger production systems".

At the international level, showcasing investment opportunities through initiatives like *Invest ASEAN* which brings together investment promotion agencies (IPAs) can effectively promote the entire South-East Asian region as an integrated investment destination. This initiative thus "connects investors with opportunities across regional value chains, drawing on the complementary strengths of ASEAN economies and coordinated support from their investment promotion agencies". Such an approach allows the participating countries to combine their distinct capabilities and direct investment to the most-suitable countries and areas while extending the benefits of individual projects to the wider region as a whole.

This also complements the efforts needed to bring investment to countries and sectors with the highest potential for growth and mutual benefits. For instance, the Climate Implementation Bridge (CIB), which will be showcased at COP 31, can have an

important role in bridging the gap in delivery of finance to green industrial projects. The CIB was launched on 24 September 2026 to connect countries' national climate priorities and green project pipelines with appropriate sources of finance, technical expertise and implementation partners, with particular attention being given to the financing needs of developing countries, LDCs and small island developing states (SIDS). Rather than creating a new fund, it is meant to complement existing initiatives and institutions and provide a platform for mutually-beneficial matchmaking for investing in climate-relevant projects.

Finally, for developing countries, increasing the value they capture from their natural resources and creating decent jobs in the process ranks among their highest priorities. Policy initiatives like the African Union's Mineral Resources Strategy For The Just Transition And Decarbonising Future (2024) and legal frameworks like Brazil's Law No. 15,506/2026 (2026), which establishes the country's National Policy of Critical and Strategic Minerals (PNMCE) and the National Council for Industrialization of Critical and Strategic Minerals (CIMCE), consider how critical minerals and natural resources necessary for the energy transition can be utilised in a manner that promotes local value creation, generates jobs and promotes sustainable development. Policy initiatives for beneficiation and local value addition should also integrate environmental safeguards, protection of affected communities, and measures to ensure that benefits are retained locally.

IV. Concluding remarks and recommendations

As the international community hopes for ambitious outcomes at COP 31, it is important to consider how green industrialisation initiatives can effectively contribute to supporting countries' national climate action, promote a just transition, reduce reliance on fossil fuels, and achieving the goals of the Paris Agreement. The Global Mutirão decision adopted at COP 30 had reaffirmed that "measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade" (para. 56); and set up a series of three dialogues to "consider opportunities, challenges and barriers in relation to enhancing international cooperation related to the role of trade" (para. 57), running till June 2028. African negotiators have already proposed including them in the formal agenda of COP 31.

Given the positive impacts of green industrialisation on climate action and the global just transition, it is useful to consider whether this topic should also be part of the formal COP discussions leading up to the second global stocktake (GST-2) in addition to the Presidency's Action Agenda, in the context of enhancing international cooperation for climate action. This would also bring greater attention on green industrialisation within the UNFCCC and its role in supporting countries' efforts to meet their climate goals and sustainable development priorities. It could also help in strengthening coordination between existing initiatives, as well as more targeted delivery of climate finance, technology transfer, and capacity-building for developing nations.

For countries, integrating green industrialisation objectives in their national climate policies, including the NDCs, NAPs, and published pathways towards Net Zero and the transition away from fossil fuels would showcase how governments could take a holistic approach to green industrial policy – combining climate, trade, investment, and other relevant policies related to climate-critical goods, services and technologies. This needs to be accompanied by technical assistance and capacity building from international organisations and financial institutions to strengthen the ability of developing countries to identify where their green industrial opportunities lie, how to move up regional and global value chains for green goods and services, and advance a low-carbon economy and society in the process.

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