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COP31 Day 5: Finance and Trade Day Exposes Deep Divides as Carbon Markets Accelerate

BY YTJN

Antalya, 13 November 2026 – Day 5 of COP31 placed Finance and Trade at the centre of the agenda, marking the halfway point of the conference. The day featured ministerial dialogues on debt and finance access, a wave of carbon market deals under Article 6, growing civil society mobilisation ahead of a planned global day of action, and significant private-sector capital commitments. The Presidency also published its first "reflections" text for the cover decision, a document that exposed as many divisions as it sought to bridge.

High-Level Finance: Stiell Warns of a "Vicious Cycle"

Simon Stiell, Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC), addressed the seventh High-Level Ministerial Dialogue on Climate Finance, warning that vulnerable countries remain trapped in a **"vicious cycle" of debt and increasingly expensive loans.**

He argued that meeting international economic goals does not automatically guarantee that the needs of developing countries are met unless "the way resources are distributed also changes".

Stiell outlined four priorities: a**ffordable finance, simpler access, stronger national institutions, and greater international coordination.** He stressed that while private investment and guarantees are essential, **non-reimbursable aid and highly concessional credits "will remain fundamental for the least developed countries, small island states, and other vulnerable economies".** He also called for simplifying access procedures, stating that **"climate finance must adapt to countries, not the other way around".**

António Guterres, UN Secretary-General, addressed COP31 for the final time during his tenure, warning that leaders "**cannot keep expanding fossil-fuel production while claiming to be committed to 1.5C"**.



"VICIOUS CYCLE" OF DEBT AND INCREASINGLY EXPENSIVE LOANS.

"Climate finance must help countries break free. But that demands moving from financing individual projects. To supporting economic transformation."

SIMON STIELL
UNFCCC Executive Secretary

Fatih Birol, Executive Director of the International Energy Agency (IEA), declared the world has entered the "age of electricity," projecting approximately 12,000 gigawatts of new electricity generation capacity globally over the next decade more than double the previous ten years.

The Climate Finance Work Programme: Stalled Negotiations

On Day 5, there was no major breakthrough from the Climate Finance Work Programme (CFWP) contact group. As the first week of COP31 drew to a close, the most contentious issues, including the new work programme, remained stalled.



The core divisions identified earlier in the week persisted: **the G77 and China** continued to insist the programme must focus on **Article 9.1** (public, grant-based finance), while developed countries like **the European Union (EU)** maintained their preference for an **"all-sources" framing** that includes private finance and loans.

This lack of progress was compounded by a broader trend. Analysis from **Carbon Brief** noted that climate-finance pledges have **dropped by 70%**, which is contributing to the friction in negotiations over the new work programme.

The Climate Finance Work Programme: Stalled Negotiations

Carbon markets were the most active front on Finance and Trade Day, with a series of bilateral and multilateral developments that will shape how Article 6 operates in practice.

China, Türkiye, and Ethiopia launched a carbon crediting initiative. The voluntary, legally non-binding initiative aims to establish an open platform for policy dialogue, information sharing, capacity-building, and project cooperation, and calls on governments to improve governance systems for **high-integrity carbon credits.** China's Vice-Minister of Ecology and Environment, **Li Gao,** said stronger cooperation could boost the supply of high-quality credits, meet market demand, and support the green transition.

Indonesia and Norway signed a Mitigation Outcome Purchase Agreement (MOPA) under Article 6.2. The agreement was formalised between **PT PLN (Persero)** and the Global Green Growth Institute (GGGI), acting as trustee for the **Norwegian Article 6 Climate Action (NACA) Fund**. The initial phase focuses on floating solar PV integrated with battery storage, targeting emission reductions of up to **12 million tonnes of CO2e.**

Ghana issued 6.5 million jurisdictional REDD+ carbon credits under the Architecture for REDD+ Transactions' (ART) The REDD+ Environmental Excellence Standard (TREES) – becoming the first African country to do so. The credits represent verified emissions cuts achieved between 2017 and 2021 across approximately 2.5 million hectares of forest under Ghana's nationwide programme.

The issuance is expected to unlock around $43 million in initial payments from buyers including the **Lowering Emissions by Accelerating Forest finance (LEAF) Coalition.** The credits also became the first under the TREES standard to receive the **Integrity Council for the Voluntary Carbon Market's (ICVCM) Core Carbon Principles (CCP) Approved label**. The issuance is significant for Ghana: it validates the country's national forest monitoring systems and creates a new revenue stream for forest protection, supporting cocoa production and rural livelihoods. **Hugh C.A. Brown,** chief executive of Ghana's Forestry Commission, said: "*Ghana therefore welcomes efforts through the Forest and Climate Leaders' Partnership to strengthen carbon markets and mobilize forest finance*".

Sovereign buyers have contracted approximately 53 million tonnes of emission reductions under Article 6 markets to date, worth a combined $1.6 billion, according to a report released on Friday. The report was published in Carbon Pulse's Nature & Biodiversity Pulse Newsletter on Friday, 13 November 2026.

Togo launched its national carbon registry on the sidelines of COP31, with officials stressing alignment with Article 6 processes to avoid incompatibility issues that have affected other registries.

The Asian Infrastructure Investment Bank (AIIB) and Brazil's Ministry of Finance signed a letter of intent to deepen cooperation on sustainable finance, investment mobilisation, and carbon markets.

However, negotiations on the Paris Agreement Crediting Mechanism (PACM) remained fraught. Parties are unlikely to reopen recently adopted standards at COP31. Negotiations on carbon cooperation mechanisms under Articles 6.2 and 6.8 were postponed until next week due to a lack of consensus.



Civil Society: A Global Day of Action in Preparation

Civil society mobilised on Day 5, building toward a **global day of action on Saturday, 14 November.** Thousands were expected to take to the streets of Antalya, with climate organisations supported by youth groups, communities, workers, and Indigenous peoples.

The demonstrators' demands were explicit: an end to new fossil fuel projects, a rapid and fully funded transition to 100% renewable energy, **public and non-debt-creating climate finance for the Global South**, full reparations for loss and damage, food sovereignty, and protection of Indigenous peoples' rights. Organisers said the crisis "**cannot be solved through empty promises, corporate greenwashing or market-based false solutions".**







Fridays for Future organised protests on the sidelines of COP31 in Antalya, with German activist **Luisa Neubauer** taking part. In Berlin, activists held placards reading **"Pay your climate debt,"** accusing Germany of failing to meet its climate finance commitments.

A **People's Climate Summit spokesperson** said: "While world leaders meet behind closed doors at COP31, people are coming together on the streets to demand the real change our communities need. We cannot tackle the climate crisis while allowing fossil fuel corporations to keep expanding, communities to be exploited and public money to flow into war and destruction. Our message is simple: climate justice now."

Activists also raised concerns about the **35-by-35 electrification pledge**, noting that it does not require electricity to come from renewable sources. **Global Witness** warned of a mining boom for transition minerals, citing over **300 human rights allegations** linked to transition mineral mining in 2025–a 73% increase on the previous year.

Private Sector: $10 Billion Initiative and a Methane Finance Push

The private sector and development finance institutions made significant capital commitments on Finance and Trade Day.

The United Kingdom, Norway, and Canada launched a $10 billion climate finance initiative. The three state-backed lenders–**British International Investment (BII), Norfund (Norway), and FinDev Canada** signed a memorandum of understanding to share investment pipelines, coordinate due diligence, and cooperate on climate reporting. T**he "10 by 30" target** includes private capital the partners expect to attract, with funding directed to renewable energy, transmission and distribution grids, energy storage, sustainable fuels, and industrial decarbonisation.

A methane finance package of over $480 million was announced at the Leaders-Level Methane and Other Non-CO_2 Greenhouse Gases Summit, co-hosted by Brazil, China, and the United Kingdom alongside the COP31 Presidency. The new philanthropic funding will support methane reductions across energy, agriculture, and waste, alongside action on black carbon, clean cooking, transport, and cooling. A further $25 million was announced for the **Climate and Clean Air Coalition's Super Pollutant Country Action Accelerator**, supporting seven additional countries to turn commitments into implementation.

Türkiye and the Asian Infrastructure Investment Bank (AIIB) signed a $1.6 billion climate finance package. The package represents the AIIB's largest climate-focused policy-based financing operation to date and will support Türkiye's Climate Law and its Second Nationally Determined Contribution (NDC). The financing is structured around three pillars: sustainable finance (operationalising Türkiye's emissions trading system and establishing a green finance framework), sectoral decarbonisation (translating national targets into industry-specific measures), and climate resilience (strengthening adaptation planning at the local level). The package comprises equal amounts of a Climate-Focused Policy-Based Financing (CPBF) loan under the Türkiye Climate Action Acceleration Program and supplemental financing through the AIIB's Energy, Food Security and Economic Resilience Facility.



The Cover Text: A "Menu of Elements" Exposes Deep Fractures

The COP31 Presidency published its first **"summary of reflections"** on the cover decision–a document described as a "menu of elements" that a final text could **contain, with the Presidency stressing that "it is not intended to reflect consensus, nor the strength or prevalence of views expressed"**.

The reflections text includes proposals on **responding to an overshoot of 1.5°C, welcoming the roadmaps on transitioning away from fossil fuels and tackling deforestation, increasing electrification to 35% by 2035,** strengthening adaptation finance, protecting oceans and mountain regions, and a call for a time-bound phase-out of "unilateral climate trade measures", a reference to the EU's **Carbon Border Adjustment Mechanism (CBAM) .**

However, deep divisions remain. Negotiations on the cover decision on Friday brought to the fore **fractures on the Presidencies' proposed electrification target, the transition away from fossil fuels (TAFF), and unilateral trade measures.**

Specific actors have emerged in opposition:

- **Russia** has contested the legitimacy of the Presidency to negotiate themes not explicitly on the agenda.
- **Arab countries led by Saudi Arabia**, along with **developing countries led by India (within the Like-Minded Developing Countries (LMDC) bloc),** oppose the cover decision on both method and substance, rejecting sectoral targets and pushing for obligations to fall only on developed nations. **Azerbaijan** and **Qatar** have also voiced objections.
- **The African Group** has argued that concrete negotiated outcomes must be reached first, before discussing the voluntary initiatives of the Action Agenda and the Presidency's political cover decision.

A draft cover decision is expected **"early" next week.**

YTJN Side Event: Postponed to 18 November

The **Youth for Tax Justice Network (YTJN) side event** at the Uganda Pavilion, originally scheduled for Day 5, has been **postponed to 18 November 2026.**



Why This Matters for Youth

1. **The Debt Trap vs. Youth Futures:** Stiell's warning about the "vicious cycle" of debt is a direct warning about our future. If African nations are forced to take on high-interest loans to finance adaptation, the repayments will crowd out spending on education, health, and youth employment. We support the call for **grants and highly concessional finance**, not debt-creating instruments.
2. **Carbon Markets Must Benefit Youth:** The flurry of Article 6 deals–from Indonesia's MOPA with Norway to Ghana's REDD+ credits–must be structured to ensure that **benefit-sharing agreements deliver revenues to local communities and youth-led enterprises,** not just international buyers and intermediaries.
3. **Civil Society Is Demanding What We Demand**: The Global Day of Action's call for **public, non-debt-creating climate finance and full reparations for loss and damage** aligns directly with YTJN's tax justice and climate finance agenda. We stand with the movements demanding system change, not just pledges.
4. **The Cover Text Is Our Lever:** The Presidency's "reflections" text is a wish list, not a final agreement. The fractures exposed on Friday over electrification, fossil fuel transition, and trade measures show that the political declaration is still contested ground. We will be watching whether the final cover decision includes language that advances **public, grant-based finance under Article 9.1 and youth-inclusive implementation.**

The Finance Fights Continue

- **The CFWP contact group**: Watch for any movement on the scope and mandate, and whether the G77 and China can lock in a focus on **public, grant-based finance** under Article 9.1.
- **The cover decision:** A draft is expected "early" next week. We will be tracking whether the Presidency includes language on **public, grant-based finance and youth-inclusive implementation.**



WHAT TO WATCH ON DAY 6 (Saturday, 14 November)

The Thematic Focus: Children, Youth, Education and Skills

Day 6 shifts to Children, Youth, Education and Skills, focusing on climate literacy, green skills, workforce development, academia, curriculum development, and lifelong learning. This is a critical day for YTJN's constituency.

Our angle: This is our day. We will be watching for:

- **Commitments on climate education and green skills** that are matched by accessible financing for youth-led enterprises.
- **The release of the final cover decision text** and whether it includes language on youth and future generations as rights-holders and implementers.
- **The Global Stocktake (GST) dialogue** and whether it acknowledges the gap between current NDCs and the 1.5°C pathway, and calls for **youth-inclusive implementation.**
- **The closing of the subsidiary bodies (Subsidiary Body for Scientific and Technological Advice (SBSTA) and Subsidiary Body for Implementation (SBI))** , which conclude their work on Saturday. Watch for outcomes on trade-related climate measures, mountains, and oceans.
- **The global day of action in Antalya and beyond,** which is expected to mobilise thousands demanding climate justice, public finance, and an end to fossil fuel expansion.

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