

COP31 Trade, Finance and Investment Agenda

Menu of High Impact Initiatives | June 2025

Menu of High Impact Initiatives for COP31

This note outlines **six key initiatives** that the Australian Government could pursue and/or support as part of a **high impact agenda for COP31 under the banner of trade, finance and investment**. Five address one or more major barriers to investment in decarbonisation. The sixth is focussed on adaptation and resilience.

The initiatives: further Australia's interests in accelerating regional decarbonisation and driving demand for Australia's future green exports; leverage areas where Australia has strong expertise and is well-placed to make a valuable contribution; and are aligned with Pacific interests in climate action.

Many of these initiatives are government-led and may require cooperation between two or more agencies. For some initiatives, effective public-private sector cooperation will also be important to delivery.

1. Global Green and Transition Finance Agenda

What: A multi-pronged agenda to establish and support uptake of a credible, harmonised approach to green and transition finance standards that unlocks capital for key transition activities, including green mining and metals. This leverages Australia's transition methodology – developed through the Australian Sustainable Finance Taxonomy – which is credible, science-aligned, and adaptable across jurisdictions.

This agenda is in two parts: Stream A: Global Transition Finance Standard, which is market-led; and Stream B: Taxonomy Harmonisation and Mutual Recognition, which is Government-led with implementation supported by industry. These two parts are mutually reinforcing but could be pursued independently of each other.

Why: Globally and in Australia, the lack of common approach to defining green and transition finance is a major barrier to capital allocation for decarbonisation, particularly in hard to abate sectors. A Global Green and Transition Finance Agenda would support capital to flow at scale into the sectors that most need it and improve access to competitive finance and international markets for Australian decarbonisation and green industrial development. It would lay the groundwork for a club of credible, inter-operable taxonomies and influence key national taxonomy standards to adopt effective approaches to green mining and metals.

Who: ASFI leads Stream A; Australian Government (Treasury) leads Stream B, with ASFI as technical partner.

Deliverables:

Stream A: Global Transition Finance Standard

- Transition Finance Working Group announced at COP30; common methodology for transition finance launched and endorsed by influential standard setters and capital markets bodies at COP31¹

Stream B: Taxonomy Harmonisation and Mutual Recognition

- Australia joins Multi-jurisdictional Common Ground Taxonomy² (with China, EU, Singapore) Q2 2025
- Joint Australia–Singapore Common Ground Taxonomy for *transition* finance³ announced Q3 2025

¹ This is a market initiative that would be led by ASFI, ideally with endorsement from the Australian Government. The COP31 announcement would be followed by an outreach and capability program to support ongoing global uptake the transition finance methodology in 2027.

² China, EU and Singapore are already part of the MCGT, which maps the commonalities across those governments' national taxonomies.

³ The MCGT covers green activities only. Singapore and Australian taxonomies are two of a handful of taxonomies to cover transition activities. A bilateral common ground taxonomy would be a useful tool to promote Australia's transition approach, and valuable bilateral initiative with Singapore which is a global leader on sustainable finance and a green finance hub for the region.

- EU–Australia agreement on mutual recognition of national taxonomies at COP31 – this would be a major milestone, immediately removing a key barrier to green finance and investment into Australia;
- Key jurisdictions (eg Canada, China, UK) adopt the Australian taxonomy approach to green mining and metals
- Australia takes on Taxonomy Roadmap Initiative at COP31; delivers market practice report at COP31⁴

Impact: Advances decarbonisation in Australia and globally; and positions Australia’s green mining and exports competitively in EU and Asian markets.

ASFI has scoped this agenda in detail. More information is available on request.

2. An Australian Bilateral Green Bank (International CEFC)

What: As part of a new Australian climate finance strategy, establish a dedicated Australian bilateral green bank to mobilise private capital for decarbonisation in Southeast Asia and support regional investment aligned with the Future Made in Australia agenda. This would focus on catalytic investments in infrastructure, clean energy, and industry that support both regional climate goals and demand for Australian green exports.

This catalytic ‘deal-maker’ would focus on early stage project development, investment readiness, technical assistance, and deal structuring to complement Export Finance Australia’s activities in SEA emerging markets. It should be part of a comprehensive new Australian climate finance strategy which aligns with the Future Made in Australia net zero agenda to support decarbonisation and green industrial development in Southeast Asia, along with adaptation and resilience in the Pacific.

Why: ASEAN’s \$200B annual financing gap requires significant private finance and investment. A bilateral green bank would de-risk projects to crowd in Australian institutional capital – helping to deepen regional ties in line with the Southeast Asia Economic Strategy. It would also be a cost-effective⁵ way to scale Australia’s climate finance contributions ahead of COP31, helping to demonstrate Australia’s climate leadership and credibility as COP31 host.

Who: Australian Government (lead agency for green bank: DCCEEW)

Deliverables:

- New climate finance target and strategy – including international green bank – announced in Q4 2025
- Green bank design and inception in 2026
- Key blended finance deals announced in 2026 to show momentum (e.g. DFAT’s Net Zero Transition Bond).
- First investments in regional energy or industry transition announced at COP31

Impact: Supports regional decarbonisation and green industrial development; supports Australian institutional investment into Southeast Asia emerging markets expands demand for Australian green exports; demonstrates Australian climate leadership; underpins a step up in Australia’s climate finance target consistent with international expectations.

⁴ The Taxonomy Roadmap Initiative was initiated by Azerbaijan at COP29 and has been adopted by the Brazilian presidency. It is supported by GIZ and IFC with UNPRI, UNEPFI and CBI. Australia could join immediately and then take on leadership of the initiative following COP30.

⁵ Capitalisation (or outflows) from the new green bank would count towards Australia’s climate finance target, along with private finance mobilised through its transactions.

3. Joint Transition Plans for Trade

What: High-level bilateral agreements with key trade partners (Japan, China, Korea) to develop joint transition plans for bilateral trade, underpinned by credible data and standards. These bilateral agreements could also commit to complementary cooperative measures – such as bilateral cooperation on standards for green finance and trade; supply chain investment facilitation; and finance mechanisms to bridge the green premium and underpin offtake for green commodities.

Why: Joint planning creates certainty for investment across the green supply chain and enables decarbonisation pathways – synchronising production in Australia with manufacturing demand in our major trade partners. It also supports harmonisation of standards (e.g. on green steel, hydrogen) and opens the door to coordinated demand-side financial mechanisms such as advanced market commitments (AMCs).

Who: Australian Government (lead agency: DFAT).

Deliverables:

- Leader-level agreements with Japan, Korea and/or China on joint transition planning
- Announcement of one or more advanced market commitments for key green exports
- Technical cooperation on standards for green trade and finance
- Investment partnerships for key infrastructure (e.g. hydrogen, green steel)

Impact: Supports investment into Australian green export industries; accelerates the phase-out of fossil fuel exports; aligns foreign and industrial policy to deliver net zero outcomes and economic opportunity.

4. Asia-Pacific Green Procurement Club

What: Australia and key Southeast Asian countries make a joint commitment to purchase a defined volume or percentage of green commodities — such as green steel, green cement, and low-emissions aluminium — for use in domestic public infrastructure projects by a specified date. Public commitments by developing country partners could be backed by concessional finance from Australia, multi-lateral development banks, and development finance institutions and complemented by voluntary purchasing agreements from large private offtakers.

Why: Green industrial investments face significant demand uncertainty, which inhibits capital flow and slows project development. Green procurement commitments, also known as advance market commitments, send a strong market signal to producers and financiers that demand exists and will grow over time as forecast, helping to de-risk projects and support the scale-up of Australia's green export industries while also accelerating regional decarbonisation.

Who: Australian Government (DFAT, DCCEEW); Southeast Asian partner governments; supported by climate finance from Australia, MDBs, DFIs. Private sector commitments could be developed in parallel with commitments from a club of major offtakers in the Asia-Pacific.

Deliverables:

- Announcement of Asia-Pacific Green Procurement Club including Australia and 3 or more Southeast Asian governments at or before COP31 with procurement commitments in one or more green product and principles for implementation that ensure integrity
- A framework for transparency, integrity and accountability
- Finance mechanisms (contracts for difference, etc) to support producers and buyers in meeting targets that would be phased out over time as the market develops

Impact: Demonstrates and builds demand for Australian green exports; accelerates capital deployment into clean industrial production in Australia and Southeast Asia; supports regional decarbonisation by guaranteeing early markets for green commodities.

5. Financing a Regional Transmission Grid

What: Australia champions a regional initiative to develop project plans and financial mechanisms for cross-border transmission infrastructure in Southeast Asia.

Why: Transmission is the linchpin of energy decarbonisation but is underinvested and politically complex. There is private capital waiting on the sidelines, but government intervention is required to support project planning, political and regulatory certainty, and financial returns. Australia has technical, financial, and diplomatic capability to support regional solutions that enable renewable energy trade and grid stability.

Who: Australian Government (DFAT, EFA, DCCEEW); Partner governments in SEA; multi-lateral development banks; domestic and regional think tanks; Australian (and global) investors, convened with support of ASFI & PRI

Deliverables:

- Initial feasibility study, technical concept, and priority project identification ahead of COP31
- Coalition of interested governments and investors, develop and test blended finance structures in 2026
- First deal structured and soft commitments announced by COP31

Impact: Accelerates decarbonisation of ASEAN power sectors; attracts Australian investment into Southeast Asia; supports Australia's clean energy exports; strengthens regional energy security and climate diplomacy.

6. Regional Adaptation and Nature Finance initiative

What: Australia expands its sustainable finance taxonomy to cover adaptation and nature restoration, then launches a regional initiative to support Asia-Pacific countries to incorporate adaptation and nature into their sustainable finance frameworks.

Why: There is a role for private capital in supporting resilience and nature restoration, and strong demand from Australian finance sector for expanding the Australian taxonomy. Expanding the taxonomy to adaptation and nature would identify priority areas for finance and investment in these thematics (particularly agriculture, built environment, infrastructure and services), simplifying and incentivising capital allocation. Mobilising finance for climate adaptation and nature is critical to building resilient economies across the Asia-Pacific and regionally consistent methodology as envisioned through this initiative would be valuable to support a shared regional approach.

Who: Australian Government (Treasury, DCCEEW), ASFI, partner countries in the Asia-Pacific, Sustainable Finance Institute ASEAN,

Deliverables:

- Expand Australia's taxonomy to develop adaptation and resilience and nature criteria over 2025-2026
- Launch regional initiative at COP31
- Regional framework for adaptation and nature developed over 2027

Impact: Drives capital flows toward nature-positive and climate-resilient investments across the region; strengthens regional financial system alignment with global biodiversity and adaptation goals;

builds technical capacity and shared infrastructure for sustainable finance in partner countries enabling flow of private capital into the region; positions Australia as a regional leader in nature and adaptation finance.

Governance and Execution

Delivering a high-impact COP31 agenda will require a coordinated, multi-agency effort. We recommend the establishment of an inter-agency taskforce as a matter of urgency to drive a whole-of-government (WOG) approach.

To enable meaningful private sector participation, we propose the creation of a dedicated Private Finance Office to act as a clear point of interface with industry. This office would lead public-private convening and play a critical role in sourcing and executing practical, finance-focused ideas. The office should be led by a high-profile individual with strong private sector networks and, ideally, experience across both public and private sectors.⁶

Successful execution will require a mix of foreign policy, technical, and program delivery expertise. To supplement existing government capacity, consideration should also be given to recruiting or contracting specialist personnel. In parallel, it would be valuable to bolster expertise within key ministerial offices to ensure they are equipped to engage substantively on COP31 priorities.

⁶ Mark Carney led the UK's Private Finance Taskforce for COP26, which played a key role in establishing landmark initiatives some of which have an enduring impact, such as the International Sustainability Standards Board.