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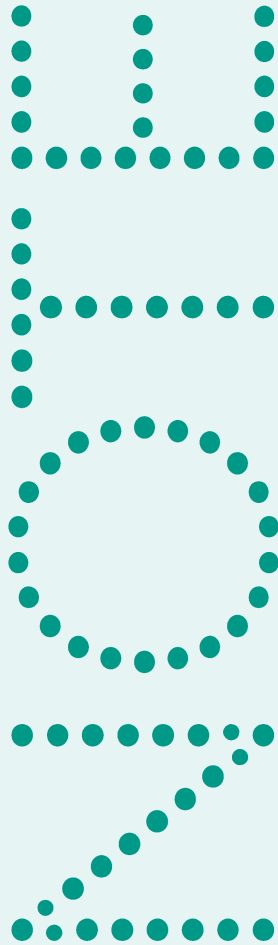
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# COP29: IN A TENSE GEOPOLITICAL CONTEXT, IS THE CLIMATE FINANCE TARGET UNDER THREAT?

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In a context of rising emissions, intensifying climate change impacts, and geopolitical tensions, the climate COP will be held for the third time in a row in a petrostate. What are the priorities for negotiations going in, and how could the Azeri presidency's agenda affect these?

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## Context: Rising emissions and intensifying impacts

Global CO<sub>2</sub> emissions in 2023 from all sectors excluding land use increased by 1.6% compared to 2022, and 8.1% compared to 2015 – yet another record high (cf. Table 1). All energy-use sectors saw an annual increase in CO<sub>2</sub> emissions, with the exception of residential buildings and agriculture (the large majority of agricultural emissions being gases other than CO<sub>2</sub>, namely methane and nitrous oxide),<sup>1</sup> far from the required trajectories<sup>2</sup> to be in line with the Paris Agreement's goals. Indeed, reductions of 42% and 57% are required by 2030 and 2035, respectively, if the world is to stay within the 1.5 °C limit, according to UNEP's latest Emissions Gap Report.

Table 1: Evolution of non-Land-Use related CO<sub>2</sub> emissions

	2022 – 2023 Evolution	2015 – 2023 Evolution
TOTAL (excl. LULUCF)	+1,6 %	+8,1 %
ENERGY	+1,5 %	+10,2 %
TRANSPORT	+3,9 %	+9,1 %
BUILDINGS (RESIDENTIAL + SERVICES)	+0,1 %	+6,8 %
AGRICULTURE	-3,7 %	+12,3 %
INDUSTRY	+1,2 %	+9,2 %

This increase in emissions remains, as pointed out by the Observatory in previous years,<sup>3</sup> **regionally nuanced** – with a much larger increase in developing countries. Developing countries in Asia, led by China and India, account for more than half of global emissions. At the same time, the difference between per capita emissions of developed and developing countries remains large, with those of China having overtaken the EU or Japan only recently, while those of India remain less than half the global average.<sup>4</sup>

The past months have also seen increasingly warmer temperatures, erratic water cycles and **intensifying climate impacts** across various regions around the world.<sup>5,6,7</sup>

Against this backdrop, thousands of negotiators representing nearly 200 countries, as well as representatives from local governments, businesses and civil society from across the globe will converge for the high point of annual climate negotiations at the UNFCCC COP29 in Baku, Azerbaijan, from 11 to 22 November. This year's climate COP will take place amidst uncertainty stemming from a complicated geopolitical context and following elections in several jurisdictions around the world, but is also a crucial mile-marker on the road to 2030 and 2050 targets for climate, nature and development.

*[Further reading: Leveraging the Climate-Biodiversity-Land nexus in a triple-COP year](#)*

## The NCQG: High stakes, high expectations

COP29 has been dubbed "the finance COP", with negotiations on the New Collective Quantified Goal (NCQG) being at the centre of attention. In 2009, countries had agreed on a target of \$100 billion of climate finance to be mobilised per year by 2020. This goal, according to OECD figures, was met only in 2022.<sup>8</sup> The NCQG, included in Article 9 of the Paris Agreement, is meant to replace the 2020 goal, and to be adopted at COP29. Progress so far has been slow, and the intersessional negotiations at Bonn yielded few concrete advances on the matter<sup>9</sup> – countries are still negotiating the quantum of this goal, as well who will contribute to it, who will receive it, and what instruments it will be channelled through. Countries also disagree on whether the



NCQG must be limited to the Article 9 of the Agreement, or be broader (and include, for example, Loss and Damage financing).

A ministerial meeting was organised in the second week of October in Baku to advance on aspects of the NCQG, and prepare the ground for an ambitious agreement at the COP. While these talks saw countries agree on how the goal is structured (including public and private sources of funding), large questions remain unanswered:<sup>10</sup> Developing countries have been pushing for the goal to be large enough to meet their mitigation and adaptation needs, proposing figures of \$1 – 2 trillion per year, which some consider “unrealistic”. Developed countries have been hesitant to cite a figure, agreeing that the goal must be “at least” as large as the \$100 billion goal. Parties like the US, UK, EU and Japan also maintain that the developed-developing classification that dates back to 1992 is no longer relevant, and that developing countries like China or Saudi Arabia could also contribute to the new goal.

The question of instruments and sources is also key: the majority of climate finance mobilised so far has been public finance, delivered largely through non-concessional loans.<sup>11</sup> In a context where African governments spend up to 15% of their GDP annually to respond to climate impacts, climate finance as loans could in the long run add to their indebtedness.<sup>12</sup> Inadequate mobilisation of climate finance, on the other hand, risks setting off a transition that is “two-speed” – as pointed out by UNFCCC Executive Secretary Simon Stiell, talking about renewable energy.<sup>13</sup> More widely, the finance issue has in the past been an obstacle in advancing negotiations on other agenda items under the Paris Agreement. As countries are preparing their third Nationally Determined Contributions (NDCs 3.0), the amount of finance can also influence the level of ambition of developing countries’ commitments.

## Priorities on the official agenda: Mitigation, carbon markets, adaptation, loss and damage

Among the areas of priority for continuing negotiations, is the **Mitigation Work Programme**, and how it will integrate the takeaways from the First Global Stocktake. At the same time, it will also be the moment to set the modalities for the next Global Stocktake, and thus crucial to deciding how the process can be improved and made more inclusive, particularly the political phase. On the energy transition front, progress is important on concretising the COP28 targets of tripling renewable capacities and doubling the rate of energy efficiency improvements by 2030, through countries’ commitments. The transition away from **fossil fuels**, mentioned for the first time in the outcome text at COP28 in Dubai, absent in the Azeri Presidency’s priorities,<sup>14</sup> remains a bone of contention. It is one of the issues under discussion as part of the “UAE dialogue on implementing GST outcomes”.

At the pre-COP in Baku in the second week of October, **Article 6** negotiations (relating to **carbon markets** and international cooperation around the trade of credits) marked a significant milestone, with the adoption of standards on methodology requirements, and on what activities should count as removal of carbon.<sup>15</sup> The technical experts also adopted a “Sustainable Development Tool”, which will introduce social and environmental safeguards, requiring project developers to carry out risk assessments related to land, water, human rights,



health, gender equality, and Indigenous Peoples.<sup>16</sup> COP29 will aim to structure and operationalise carbon markets, after the rules were agreed to at COP26.

In terms of adaptation, the next step for the global community is the operationalisation of the UAE Framework for **the Global Goal on Adaptation**, which aims to bring adaptation at par with mitigation.<sup>17</sup> Currently, the ongoing work programme related to this aims to adopt indicators to measure progress towards the goal – a challenge rendered harder by the lack of a universal definition of successful adaptation, given the locally-specific nature of risks and vulnerabilities. With more than 5,000 indicators having been submitted by countries and non-party stakeholders, the challenge will be select indicators that are “meaningful and feasible”, while not adding to reporting burden for States.<sup>18</sup>

COP28 in Dubai saw the **Loss and Damage fund** being established, and significant progress has been achieved towards getting the fund up and running.<sup>19</sup> Nevertheless, States are yet to agree on several key question, relating to who will contribute to the fund, whether it will receive private finance, what instruments will be used to channel financing, and which countries will benefit from it.

## Conflicting signals from the presidency and doubts about the organisation of the COP

In a letter published in July 2024, COP29 President Mukhtar Babayev presented the Azeri presidency’s vision based on two pillars: enhancing ambition and enabling action.<sup>20</sup> The NCQG remains at the heart of this vision, with inclusivity being a key principle of action. The Action Agenda put forward by the Presidency contains global initiatives and pledges that Azerbaijan aims to propose at Baku, and includes increasing battery storage capacity and power grids, unlocking the potential of a global hydrogen market, action plans for water and tourism, pathways for city-level resilience, cutting methane emissions from waste, and more – but skipping mentions of the transition away from fossil fuels.<sup>21</sup>

Climate Action Tracker has rated Azerbaijan’s climate action as being “critically insufficient”,<sup>22</sup> the country having seemingly abandoned its 2030 emissions reduction target, and planning to expand fossil gas extraction by over 30% in the coming decade. The host country’s 2023 NDC update was shown to be less ambitious than its initial contribution. In parallel, concerns have been raised by civil society organisations about the country’s human rights record and repression of activists.<sup>23</sup> The ongoing conflict with neighbouring Armenia has also been a point of concern – though both countries have expressed aims of signing a truce ahead of the climate negotiations.<sup>24,25</sup>

While COP28 in Dubai saw record participation, a little over half of the 84,000 participants were from government delegations, the rest belonging to non-State actor groups. The UNFCCC expressed that more participation does not necessarily translate into better outcomes, and is looking to shrink the next two COPs in Baku and Belem, Brazil, given the limited capacities of the host cities.<sup>26</sup> At the same time, the Secretariat has tried to redistribute the allocation of badges to observer organisations in favour of those from developing countries, a move that has been upset by certain large NGOs based in developed countries.<sup>27</sup> Adding on to this is the



non-participation of large finance actors from the private sector – which could potentially hinder progress on aspects of the NCQG, along with a lack of clarity on the stances of developed countries.<sup>28, 29</sup>

In all, this year's climate COP will take place amidst waves of uncertainty – stemming from the organisation of the event itself, but due also to the wider context marked by tensions between countries – but delayed outcomes, especially on finance, could slow down global progress at a crucial moment for action.

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