



Climate Financing Crisis Deepens at 29th Conference of the Parties (COP29)

COP29
SANKHYA (संख्या)

*“There cannot be a good plan for economic progress without adequate data,
and there cannot be adequate data without a good plan for collecting them...”*

P.C Mahalanobis, Member, First Planning Commission of India & Scientist

OVERVIEW

Conference of Parties (COP)

The UN Climate change conferences, or COP meetings, are the official gatherings of the Conference of Parties to the UN Framework Convention on Climate Change (UNFCCC)

It is an international treaty with 197 ratifications. Global leaders have met annually since 1995 (excluding 2020 due to the pandemic) to discuss and set international climate policy.

This year, the conference was held ***in Baku, Azerbaijan, and ended on 24 November 2024.*** Developed nations pledged to contribute at least \$300 billion annually to support adaptation.

The theme for this year's Conference was "***Investing in a Livable Planet for All***"

COP29 launched a new global target for climate finance, the New Climate Finance Goal (NCQG), which will see developed countries “take the lead” in raising \$300bn a year for developing countries by 2035.

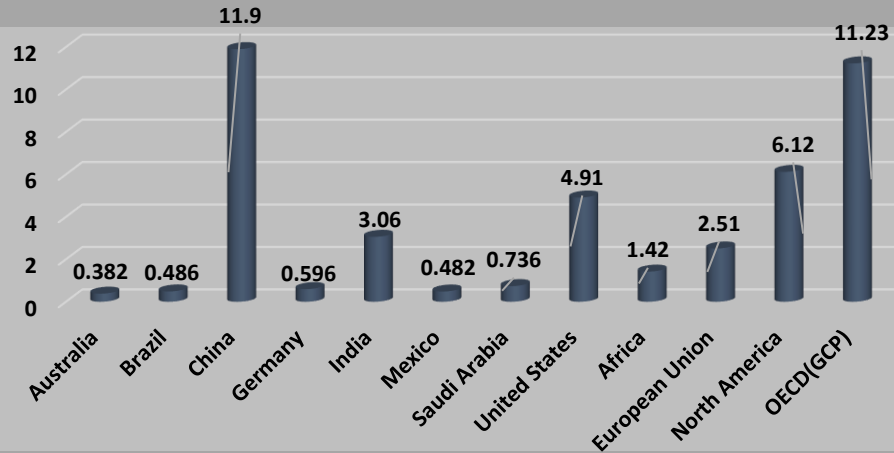
At COP29, the World Meteorological Organization (WMO) delegation emphasised the need for significant cuts in greenhouse gas emissions and funding to enhance resilience, especially for improving early warning systems.

The COP29 Presidency declared the end of the decade-long delay in finalising negotiations on carbon markets under Article 6 of the Paris Agreement.

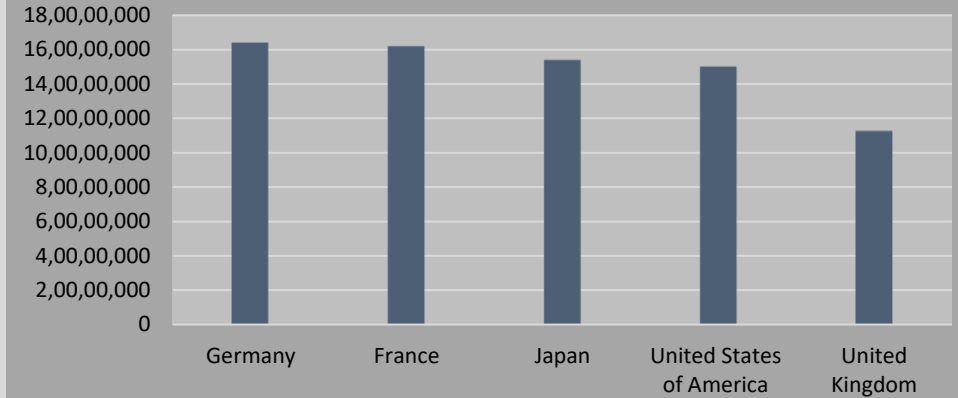
The developed nations’ annual pledges are for grants and low-interest loans to support developing countries in shifting to low-carbon economies and adapting to climate change impacts. Most of this funding is expected from private investment and alternative sources.

EMISSION AND FINANCE NEEDS

Country wise carbon emmision in 2023 (bn tonnes)

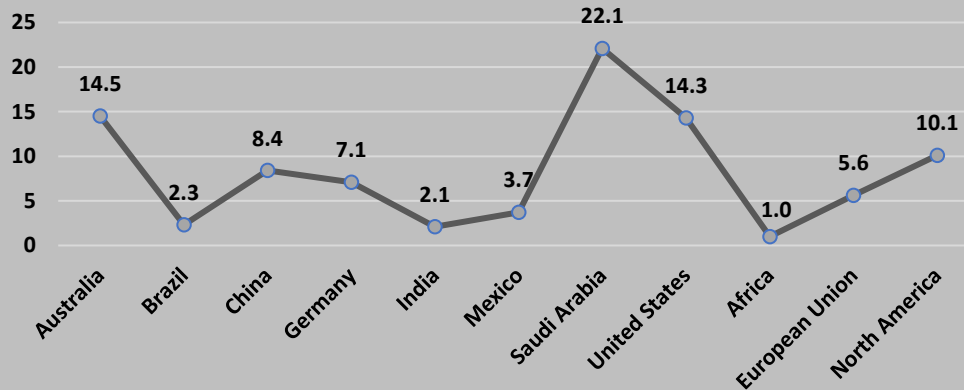


Top Contributors to the Green Climate Fund (USD)



Source: <https://ourworldindata.org/co2-emissions>

Per Capita CO2 emmision, 2023 (tonnes)



Source: <https://ourworldindata.org/co2-emissions>

The table underscores the significant disparity between net carbon emitters and their relatively minor contributions to mitigating the climate crisis for developing countries.

KEY HIGHLIGHTS

COP29 on Nationally Determined Contributions (NDC)

UAE committed to a 47% reduction in Green House Gas (GHG) emissions by 2035 (relative to 2019), with sectoral targets. However, its 2030 target and fossil fuel policies are insufficient.

The **UK** targeted an 81% reduction by 2035 (compared to 1990 levels), aligning with the 1.5°C goal, but needs stronger policies, especially on fossil fuel use.

Brazil aimed for a 59%-67% reduction by 2035 (compared to 2005 levels), focusing on city coordination. The higher target would align with net-zero goals.

Canada, Chile, the EU, Mexico, Norway, Panama, Switzerland, and the UK pledged economy-wide net-zero targets.

Mexico became the last G20 nation to commit to net-zero emissions by 2050.

Indonesia announced a 2050 net-zero target, with plans to phase out fossil fuel plants within 15 years, but it needs more renewable energy beyond the 75 GW target.

It was discussed that all countries will submit new climate commitments before COP30, with significant emitters leading emission reductions. These commitments will focus on near-term net-zero targets and a rapid transition to a zero-carbon, climate-resilient future.

COP29 on Paris Agreement Article 6

COP29 advanced the operationalisation of Article 6, focusing on guidelines for carbon trades between countries Internationally Transferred Mitigation Outcomes (ITMOs) and carbon credits under the Paris Agreement Crediting Mechanism (PACM), a successor to the Clean Development Mechanism (CDM).

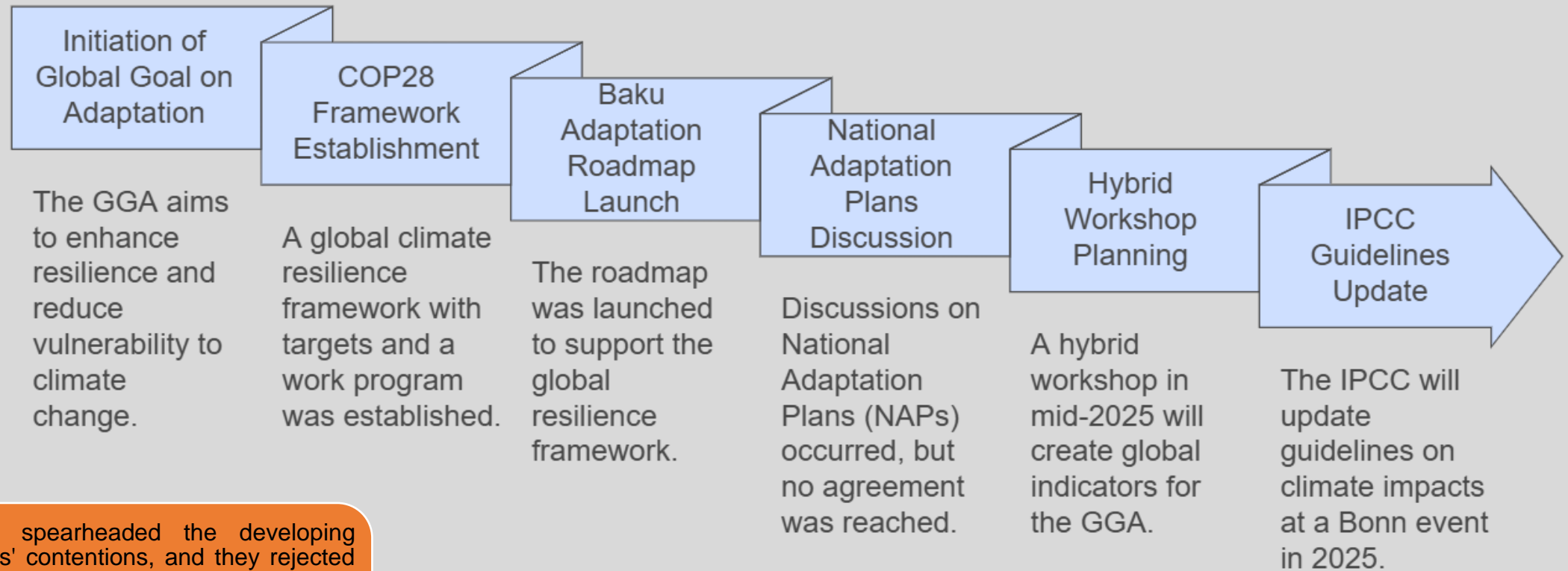
The PACM Supervisory Body's standards on carbon removals, crediting methodologies, and social/environmental safeguards were approved. Countries requested further elaboration and an update at COP30.

It is agreed that once carbon credits are traded, the issuing country cannot alter the authorisation without prior agreement, ensuring no retroactive changes. Additionally, if inconsistencies are found in credit information, those credits cannot be used towards NDCs.

Several issues remain to be resolved, including technical guidance on corresponding adjustments for single—and multiple-year NDCs and emissions avoidance. Nevertheless, Article 6 is now operational, enabling countries to begin trading credits. Continued scrutiny will be critical to ensure that credits are credible, result in genuine emissions reductions, and adhere to environmental and social safeguards.

KEY HIGHLIGHTS

Development of the Global Goals on Adaptation



INDIA spearheaded the developing nations' contentions, and they rejected the expedited approval of the new finance goal for 2026-2035, claiming due process was overlooked and demanding "much higher ambition" from wealthy nations.

KEY HIGHLIGHTS

COP29 Outcome Highlights

COP29 aims to mobilise \$1.3 trillion by 2035 for developing countries, including \$300 billion and private sector contributions, to support climate resilience and a low-carbon transition. The Baku to Belém Roadmap will outline strategies to achieve this goal, focusing on ensuring finance reaches the most vulnerable nations.

The conference emphasized simplifying access to climate finance through streamlined application and disbursement processes. There will also be a special assessment on finance access, ensuring that funds are distributed equitably and prioritising grants over loans.

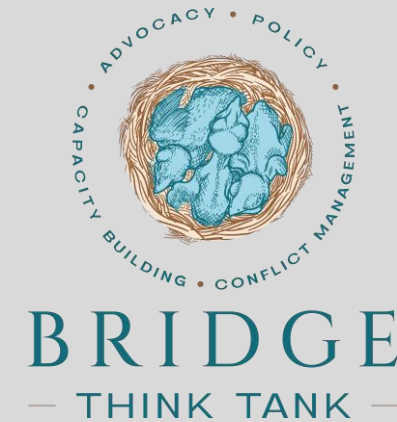
Countries will explore options to build on the \$300 billion goal, including collaborating with international financial institutions, utilising innovative finance, and engaging the Global Solidarity Levies Task Force.

The countries would explore opportunities to address debt issues in low- and middle-income countries, with a report on debt, nature, and climate due in 2025. Work will also align national resources, private sector flows, and development banks with the Paris Agreement's goals.

Continued efforts to scale up public climate finance and align wider financial flows with climate goals will send investment signals as countries prepare their next NDCs. In 2024, countries will be tested on their commitment to reducing emissions by 60% by 2035 through more substantial policies, investments, and sectoral actions.

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** Sankhya means numbers and is also a school of rationalist Indian philosophy. According to Sankhya philosophy reliable knowledge comes from only three pramanas (proofs)- pratyakṣa ('perception'), anumāṇa ('inference') and śabda (āptavacana, meaning, 'word/testimony of reliable sources').*