



COP29: THE CLIMATE FINANCE COP

Debt Observatory in Globalisation

ODG

OBSERVATORI DEL DEUTE
EN LA GLOBALITZACIÓ

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THE CLIMATE FINANCE COP

From the 11th to the 22nd of November, the 29th United Nations Climate Change Conference will take place in Baku, Azerbaijan. The Debt Observatory in Globalisation will be monitoring it from Baku and from Barcelona.

This COP is marked by a convulsive and tense international context, due to the escalation of war in the Middle East and the chronification of the war in Ukraine, as well as the civil war in Sudan, among others. Whilst the serious consequences of the recent floodings in Valencia have served as a reminder of the urgency of acting on the climate emergency to European leaders, the victory of a climate denialist like Donald Trump in the US elections [looms like a shadow over this COP](#). Although the US delegation will still participate under the Biden administration, any progress made will most likely vanish in January when the change of government becomes official.

In fact, Trump has already announced his intention to withdraw the country from the Paris Agreement and the UNFCCC, as well as to increase fossil fuel extraction in the US.

What is at stake at this COP?

Although it seems that this year's COP will have less mediatic coverage than last year's, it will be no less important. Its importance lies essentially in two reasons: **the update of the Nationally Determined Contributions (NDCs)** and the **concretisation of agreements on climate finance**.

According to the Paris Agreement, by February 2025 countries must update their Nationally Determined Contributions (NDCs), meaning each country's plans to reduce emissions and adapt to the consequences of the climate crisis. The Paris Agreement also established the commitment to maintain a maximum temperature rise of 1.5°C. Just these days, [the Copernicus results have been made public](#), which have shown that 2024 will be the first year in which global warming exceeds 1.5°C compared to the pre-industrial era (1850-1900). Specifically, [it is estimated that 2024 will terminate](#) with a temperature rise above 1.55°C, exceeding the 1.48°C of 2023. It is essential to update each country's plans (NDCs) to improve their ambition.

Simultaneously, in order to enable greater ambition of the plans, it is essential to make financial resources available for the plans to be implemented. Precisely, the Paris Agreement also established that countries must agree on a New Collective Quantified Goal (NCQG) by 2025. This will be, as we pointed out, one of the crucial issues of this edition.

Until now, when people have talked about climate finance, they have been referring to the famous \$100 billion that Annex 1 countries should pay to poor countries to address the climate emergency. In other words, this is the collective target that was set at COP15 in Copenhagen in 2009 and which was supposed to be implemented from 2020 onwards. The target of \$100 billion per year between 2020 and 2025 was not achieved until 2022. In addition to being an [arbitrary amount proposed by the leaders of the Global North](#), some countries and observers [have criticised the accessibility and quality of the \\$100 billion](#), which were delivered with delay.

It is estimated that **countries will need between \$5 trillion and \$6.9 trillion between now and 2030 to meet their climate commitments**, meaning their adaptation and mitigation commitments. At the same time, the [Standing Committee on Finance Report](#) states that data has been collected from national reports and that these may be incomplete due to a lack of available tools or capacity to calculate the cost the needs. Therefore, the actual needs are likely to be higher and will increase as the effects of the climate crisis worsen.

Thus, at a minimum, the agreement under the New Collective Measured Goal should be to reach \$1 trillion in public finance per year, delivered by rich countries to enable impoverished countries to meet mitigation, adaptation and loss and damage needs and move towards just transitions.

During these days there will also be debate about who puts the money on the table. If one thing is clear to the countries of the Global South and civil society, it is that rich countries should pay the historical, colonial, ecological and climate debt accumulated over the years. [It is not a matter of aid, but of reparations](#) for the climate and ecological crises caused, in accordance with the Principle of Common but Differentiated Responsibilities and Corresponding Capabilities.

At the same time, it is not only a question of quantities but also of the quality of finance. Quality finance must be public, upfront, accessible, transparent, fair, reviewable and in the form of grants instead of loans that generate more debt.

We will certainly hear again that there is a finance gap and that, for this reason, the door must be opened to private finance. Going for public climate finance is a matter of political will. Private finance tends to be highly variable and profit-driven, so it is unlikely to be dedicated to finance adaptation measures and even less likely to finance loss and damage. Additionally, it is often provided in the form of loans that aggravate the external debt situation in which many countries find themselves¹.

Therefore, it is key that rich countries make public finance available. How can such finance be obtained? Basically, through a transformation of the international financial system by, for example, 1) implementing measures to move towards fiscal justice and 2) by reorienting public spending.

1. One example of a measure to move towards fiscal justice is the implementation of progressive taxation: meaning to pay more or less depending on income as well as profits². Another key measure is taxation of high emitting sectors, such as the

1 According to the [Global Sovereign Debt Monitor](#) published on april 2024, currently 130 Global South countries are in a situation that is at least slightly critical.

2 This is what campaigns such as [#SayItWithMeNow](#) say, which expose that we have the needed resources to fight.

fossil fuel sector but also the military industry, airlines or corporate agribusinesses. A few days ago a [report by Oxfam Intermón](#) announced that multi-millionaires generate more carbon emissions in 90 minutes than the average person does in a lifetime. Thus, it is essential that the New Quantified Collective Target [recognises the principles of fiscal justice and polluter pays](#), within the framework of equity and the Principle of Common but Differentiated Responsibilities.

2. On the other hand, existing public spending can be redirected, for example by no longer subsidising the fossil industry or other highly polluting sectors that are not essential for life and by democratising decision-making in the economy. According to [data from the International Energy Agency](#), global energy investments in 2024 will exceed \$2 trillion, with \$2 trillion destined to renewables and infrastructure and \$1 trillion to fossil fuels. At the same time, global military spending increased to an [all-time high of \\$2.44 trillion in 2023](#).

As we have already highlighted, it is also key that it is public funding based on grants instead of loans because:

1. It is a question of justice in the face of historical responsibilities;
2. Borrowing can feed into the [vicious cycle of debt](#). In addition to not having the money to invest in climate mitigation or adaptation measures³, countries often need to turn their economies towards exports to earn foreign currency in order to service their external debt. Thus, impoverished countries focus on the export of low-priced primary commodities, which can be fossil fuels, minerals or monoculture goods such as soy or palm oil. The procurement of these commodities contributes to aggravating the climate crisis and thus to the losses and damages that result from it. This, again, fuels the demand for loans at very high interest rates, thus aggravating the situation of external indebtedness.

Simultaneously,, it is essential that the New Quantified Collective Goal establishes sub-targets and commitments of public money for mitigation, adaptation and loss and damage⁴; to enable transitions that respect biodiversity, as well as a balance between climate change actions, as adaptation and loss and damage are currently underfunded. In this regard, it is also essential to exclude the financing of false solutions that are expensive, subject to speculation and not certain to work; as well as seek to extend the life of fossil fuels, such as carbon capture and storage or carbon removal technologies, among others.

Finally, it would be appropriate to review the New Quantified Collective Goal every five years in order to update it in line with revisions to the Global Stocktake and country plans, the Nationally Determined Contributions (NDCs).

3 [According to Debt Justice](#) (2021), impoverished countries spend 5 times more money on debt than on measures to address the climate emergency.

4 There is a debate on whether a sub-target for loss and damage in the New Collective Quantified Collective Goal (NCQG) is necessary if the Loss and Damage Fund already exists. The answer is yes! Last year, on the first day of the COP, the approval of the Loss and Damage Fund was announced but the pledges made so far (\$702 million) are really insufficient in the face of the hundreds of billions of dollars a year that are needed to address loss and damage (i.e. when the disaster has already happened, as in the case of the DANA in Valencia). Today, countries have an opportunity to commit new amounts to the Loss and Damage Fund. At the same time, a specific sub-target of public and grant-based funding for loss and damage financing within the NCQG will provide structure and strength to the Fund.

Once again, the COP venue in the spotlight

The location of the COPs rotates and this year's host is Azerbaijan, a country denounced for corruption and human rights violations. As it was the case with the United Arab Emirates last year, the host country's economy depends on the extraction and export of hydrocarbons. This is problematic, as the presidency has a very important role in leading the negotiations - it has to ensure that the agenda and agreements are adhered to. The person chosen to hold the presidency is Mukhtar Babayev, the country's Minister of Ecology and Natural Resources. Babayev previously worked 26 years for SOCAR, the national energy company. In addition, Roysnaf Sayar, the chairman of SOCAR, is also a member of the [COP29 organising committee](#).

Azerbaijan is a presidential republic ruled by the same family since its independence from the Soviet Union. It has been repeatedly denounced for systematic human rights violations, political imprisonment of hundreds of people and the silencing of any protest critical of the regime.

Oil and gas extraction account for 48% of GDP and 87% of exports. The national economy is therefore highly vulnerable and dependent on fossil fuel extraction, a fact that is in stark contrast to the objectives of the COP itself: it sees itself as threatened by climate actions aimed to contain the temperature increase below 1.5°C. In addition, there are plans to increase the total volume of gas exports, of which the EU is a major interested party and has already signed commitment agreements: [doubling the supply by 2027](#).

In addition, Azerbaijan has flagged up a call for 'A global truce for COP29' during the month-long summit. This should allow for the participation of all 198 parties, although many are involved in and/or confronted by armed conflicts. This proposal is controversial to say the least, considering that within the borders of the host country, there is a decades-long conflict zone in Nagorbo-Karabakh, bordering Armenia, which has caused thousands of deaths and more than 100,000 displaced people. The country's government has been [accused of ethnic cleansing](#), but does not recognise the conflict.

The questioning of Azerbaijan's legitimacy as host has been accentuated by allegations of malpractice: thanks to Global Witness, it has been revealed that SOCAR intends to use COP29 to seal deals with fossil industry investors. Such practices took place last year, when the president of COP28 was also the CEO of ADNOC, the UAE's national energy company, [which significantly expanded its activity in 2023](#).

On the other hand, the presence of fossil industry lobbyists will make news again this year. Last year broke the record, with more than 2,400 accredited people linked to the fossil fuel sector, as exposed by the Kick Big Polluters Out campaign. In addition, the EU and Member States brought [more than 130 fossil lobbyists in their official delegations](#).

Thus, a part of civil society has given up on participating in a summit that promises little. This is the case of Greta Thunberg, who did not attend last year's COP either. In fact, one country, Papua New Guinea, [announced at the end of October that it](#)

[would not participate in COP29](#), to denounce the 'inaction' and 'empty promises' of the climate summits.

The Observatory at COP29

ODG will be monitoring COP29 from Baku and from Barcelona. Our colleague Bruna Cañada will travel to Azerbaijan from the 14th to the 23rd November and Clàudia Custodio will follow the event from our office in Barcelona.

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