**Road to COP29**

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In the lead-up to COP29, climate finance has emerged as a cornerstone of global efforts to combat climate change, particularly as the world approaches the global annual moot of parties to the Paris Agreement and the global community.

With the growing realization of inadequacies, discussions surrounding climate finance have become increasingly urgent, reflecting the heightened recognition that without sufficient financial resources, achieving the goals of the Paris Agreement will remain a distant aspiration.

Recent developments in climate finance, such as the establishment of the Fund for Loss and Damage (FLD), have underscored the complexities and challenges of mobilizing the necessary funds to support climate mitigation and adaptation, especially in developing countries. The decades-long debate over the definition and scope of climate finance also appears to be intensifying over the coming months.

So far, several key developments have set the stage for what is expected to be a contentious and pivotal moment in Baku this November. One of the most significant pre-COP29 developments is the progress made during the SB60 expert dialogues toward the New Collective Quantified Goal (NCQG) on climate finance. This goal, which is intended to replace the $100 billion annual target established in 2009 but never realized, aims to reflect the current and future financial needs of developing countries as they confront the impacts of climate change.

The negotiations around the NCQG have been notably complex, with developed and developing countries at odds over the scale and scope of the new target. Developing nations have consistently argued that the $100 billion target was not only unmet but also insufficient given the escalating costs of climate adaptation and mitigation. They advocate for more ambitious financial goals that reflect their growing vulnerabilities and the urgent need for substantial investment in climate-resilient infrastructure. It will be an uphill task for the negotiators at this COP to determine the scale of this new target, with a focus on ensuring that it is ambitious enough to meet the rising costs of mitigation and adaptation.

Additionally, the issue of ‘loss and damage’ (L&D) has gained prominence in the climate finance discourse. L&D refers to the irreversible impacts of climate change that exceed the adaptive capacities of communities, including the loss of lives, livelihoods, and cultural heritage. This topic is anticipated to be one of the most contentious at the upcoming summit. The established ‘Fund for Loss and Damage’ (FLD) already held two board meetings with little headway made around the commitments of $792 million so far. The upcoming meetings will determine the next course of the fund.

The third priority will be the Global Stocktake (GST) process set at COP28, which assesses the collective progress of countries in meeting the goals of the Paris Agreement. The findings from the GST are likely to drive discussions aimed at increasing the ambition of national climate commitments and ensuring that the world remains on track to limit global temperature rise to 1.5 C.

As COP29 unfolds, another critical development receiving heightened attention is the involvement of the private sector in climate finance. Public finance alone is deemed insufficient to meet the extensive financial requirements of global climate action, prompting a concerted push to mobilize private capital. The discussions will centre on creating an enabling environment for private finance, ensuring that investments align with climate objectives, and addressing concerns regarding equity and accessibility for the most vulnerable communities.

Azerbaijan, the host country of COP29, has already introduced the Climate Finance Action Fund (CFAF) with an initial fundraising target of $1 billion. The anticipated funding sources for CFAF include fossil fuel-producing countries and companies involved in oil, gas, and coal, with Azerbaijan being one of the founding contributors.

For us to prepare for the COP29, there are several steps that can steer the country toward becoming a potential recipient of such climate funding. First, we must develop a comprehensive and data-driven National Adaptation Plan (NAP) based on Provincial Adaptation Plans. If provincial plans have not yet been developed, it is imperative that we do so urgently.

The same applies to our Nationally Determined Contributions (NDCs), which are currently under the revision process. The revised NDCs should clearly outline our climate strategies and specific financial requirements related to mitigation targets along with associated strategies clearly outlined within. Additionally, it is crucial that both key documents highlight specific bankable projects that are aligned with global climate goals, thereby demonstrating our commitment to sustainability and resilience.

Likewise, strengthening institutional frameworks by establishing dedicated climate finance units within government ministries and departments is another critical aspect. Only through the robust coordination of these units can we demonstrate our commitment to international climate finance institutions, ensuring that funds are allocated and utilized as intended with optimal efficiency. Additionally, improving data collection and reporting mechanisms is vital for building trust with donors, as it provides accountability and demonstrates measurable progress.

Moreover, we need to engage the private sector to position it as a key contributor to climate action, demonstrating its capacity for innovation and its ability to implement large-scale changes rapidly. This can be achieved by involving companies across various industries – such as energy, manufacturing, agriculture, and finance – that have a direct impact on greenhouse gas emissions and climate resilience. This engagement will reflect our commitment to integrating climate considerations into manufacturing, supply chain operations, and business models.

Since we have already established a climate fund at the federal level, Public-Private Partnerships (PPPs) can be an effective means of attracting climate finance to contribute to the fund initially, before we seek external resources. PPPs involve collaboration between government entities and private companies to finance, build, and operate projects. Additionally, the government can facilitate their access to concessional finance, which offers favourable terms and conditions, making it easier for private-sector projects to secure the necessary funding from bilateral and multilateral climate finance institutions as well.

One of the most critical steps for the government to take at the COP is to co-design private-sector projects that align with international climate goals, such as the Paris Agreement, which aims to limit the global temperature rise to well below 2 C above pre-industrial levels. Projects that contribute to reducing greenhouse gas emissions, enhancing energy efficiency, or increasing resilience to climate impacts are more likely to attract funding by enhancing appeal to climate financiers at the event; COPs provide significant opportunities for such interactions.

Another critical imperative is the need for the government to start actively participating in international climate dialogues to voice our needs and priorities, ensuring that the global community understands the specific challenges we face and the support we require. We have not observed the necessary participation so far at the critical dialogues; a case in point is the recent SB60 expert dialogue held in Bonn. Participation should be based on solid assessments and with meticulous preparations by the relevant participating and expert representatives. By doing so, we can enhance our ability to secure the necessary climate finance for our resilience and achieve sustainable development.

COP29 will be a critical moment for us to advance our climate action, with priorities centered on finance to meet the daunting challenge of climate change.

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