

POLICY PAPER

# Mind the Gap

Comprehensive Climate Finance – Expectations of COP29



## Summary

Floods, heatwaves, and record temperatures have seen the climate crisis reach a new peak in 2024. However, there have also been positive signs. The energy transition, for example, is gaining momentum across the world, forward-looking technology such as energy storage systems and heat pumps are becoming increasingly competitive, and the demand for coal, oil, and gas could soon fall. Nevertheless, political measures need to be implemented quickly to achieve the Paris Agreement goals.

Climate finance makes a decisive contribution to this and will be the focal point of COP29 in Baku. The negotiations on the new climate finance goal beyond 2025 face the great challenge of restoring the trust marred in previous years as a result of unfulfilled pledges. To achieve this, urgently needed support must be guaranteed for those most seriously affected by climate change who have contributed the least to it. This is the only way to put climate finance on a firm footing.

## Imprint

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## List of abbreviations

<b>AF</b>	Adaptation Fund
<b>CBD</b>	Convention on Biological Diversity
<b>CBDR+RC</b>	Common but Differentiated Responsibilities and Respective Capabilities
<b>CFAF</b>	Climate Finance Action Fund
<b>COP</b>	Conference of the Parties
<b>CMA</b>	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
<b>ExCom</b>	Executive Committee of the Warsaw International Mechanism on Loss and Damage
<b>FRLD</b>	Fund for Responding to Loss and Damage
<b>GBF</b>	Global Biodiversity Framework
<b>GGA</b>	Global Goal on Adaptation
<b>GST</b>	Global Stocktake
<b>HLD</b>	High Level Dialogue
<b>JTWP</b>	UAE Just Transition Work Programme
<b>L&amp;D</b>	Loss & Damage
<b>LDC</b>	Least Developed Country
<b>MOI</b>	Means of Implementation
<b>MWP</b>	Mitigation Work Programme
<b>NAP</b>	National Adaptation Plan
<b>NCQG</b>	New Collective Quantified Goal on Climate Finance
<b>NDC</b>	Nationally Determined Contribution
<b>OPEC</b>	Organization of the Petroleum Exporting Countries
<b>SIDS</b>	Small Island Developing States
<b>SNLD</b>	Santiago Network on Loss and Damage
<b>SSJWA</b>	Sharm el-Sheikh Joint Work on Implementation of Climate Action on Agriculture and Food Security
<b>SB</b>	Subsidiary Body
<b>UNCCD</b>	UN Convention to Combat Desertification
<b>UNEP</b>	UN Environment Programme
<b>UNFCCC</b>	United Framework Convention on Climate Change
<b>UAE</b>	United Arab Emirates
<b>WIM</b>	Warsaw International Mechanism for Loss and Damage

# 1 Overview

## 1.1 Geopolitical conditions

The climate crisis has exacerbated dramatically and its effects are visible worldwide. In “The 2024 state of the climate report”, renowned scientists concluded ‘This is a global emergency beyond any doubt. Much of the very fabric of life on Earth is imperiled. We are stepping into a critical and unpredictable new phase of the climate crisis.’<sup>1</sup> The 22 July this year was the hottest day ever recorded on Earth. Global sea surface temperature also reached a record high in February. The list of extreme weather events proven to have been aggravated by climate change in 2024 is long. To give a few examples, it has marked the worst year for Amazon fires since 2005, with 22 million hectares of rain-forest burned down. This is an area equal to almost the whole of the UK. Torrential rain and floods in Brazil, the country designated to host COP30, displaced over 580,000 people. Deadly heatwaves hit many Asian countries, the Mediterranean region and Mexico. In September, heavy rainfall led to massive flooding and devastation in West and Central Africa. Over four million people have been affected, and hundreds of thousands have been displaced from destroyed homes in areas already afflicted by conflict and food insecurity. In September and October, hurricanes Helene and Milton left a trail of devastation in the US, driven by record-warm temperatures in the Gulf of Mexico.

### Encouraging signs, alarming outlook

Many positive steps have been taken to tackle the climate crisis, revealing encouraging signs. The world’s largest emitters, in particular, are finally making exponentially increasing investments in renewable energy and energy efficiency technologies. In the very near future, coal, oil and gas as a business model could be in decline globally. The only thing keeping the industry stable in many regions is subsidies. And fossil fuel subsidies are skyrocketing precisely because the countries and companies that profit from fossil fuels are heavily pushing back against the phasing out of their business model. At the last COP, countries reached a compromise and agreed to transition away from fossil fuels, triple renewable energy capacity and double energy efficiency improvements by 2030. The pace of renewable energy has at least accelerated further and we are already on track to increase their global capacity 2.7-fold by 2030. The necessary phase-out of fossil fuels is nevertheless proceeding too slowly, even though cost-efficient alternatives are available. Governments are not yet courageous enough to translate the potential socially beneficial concepts into concrete policies. Their decisions currently point towards a warming of 2.1–2.8°C by 2100.<sup>2</sup> The world is also ablaze politically due to pressure from fossil fuel-producing countries that often use profits from oil and gas sales to finance repressive and anti-democratic measures. The end of the fossil fuel business model is in sight. And meanwhile the fossil fuel lobby, which has come under pressure, is ruthlessly fighting against effective climate policy and therefore against a future worth living for everyone on this planet. In this culture war, the fossil fuel lobby is even prepared to jeopardise democracy. Major efforts are needed to prevent catastrophic climate change and to counteract authoritarian tendencies heavily supported by fossil fuel-dominated companies.

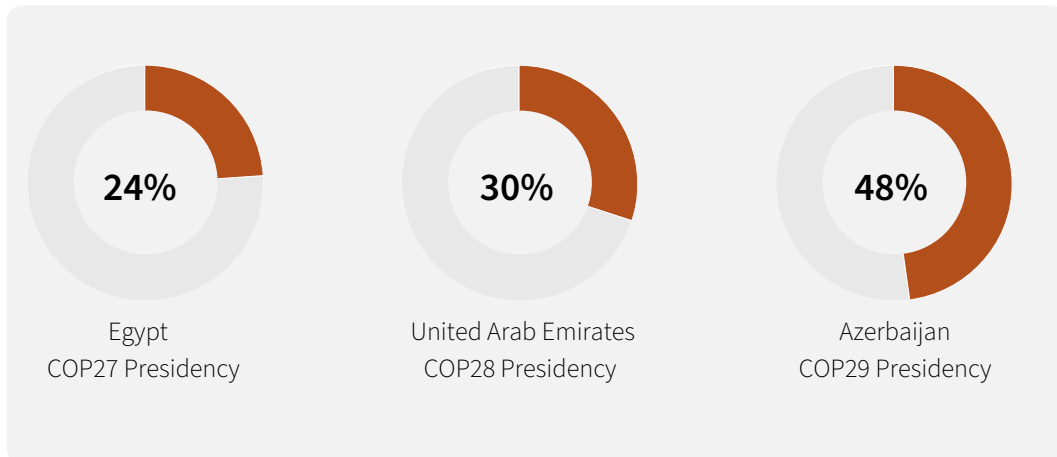
For the third consecutive year, an authoritarian country with a fossil fuel-based economy is hosting the UN climate talks. This year it is the turn of Azerbaijan, following on from Egypt and the United Arab Emirates. In itself this is problematic. And it is further compounded by the oppression of civil society, the risk of digital surveillance of COP delegates and the host government’s apparent lack of ambition to ensure the climate conference reaches a successful conclusion. These particular challenges are therefore casting a shadow over the upcoming COP.

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<sup>1</sup> Ripple, W. J. et al., 2024, [The 2024 state of the climate report: Perilous times on planet Earth](#) (last accessed: 21.10.2024).

<sup>2</sup> UNFCCC, 2023, [Outcome of the first Global Stocktake](#) (last accessed: 21.10.2024).

## Fossil fuel heavyweights: share of oil and gas production in the economic output of the last three COP host countries



**Figure 1: Share of oil and gas production in the gross domestic product of Egypt (2019/2020), the UAE (2020/2021) and Azerbaijan (2022); Source: figure produced by Germanwatch based on International Trade Administration data.**

### Democracy under pressure

2024 is a bumper election year, in which half of the world population (around 3.7 billion people) across 72 countries are going to, or will have gone to, the polls.<sup>3</sup> The conflict between a fossil-fuel based authoritarian, right-wing extremist camp and an often-fragmented democratic camp has dominated elections in many countries. The extreme right gained leverage in some countries, frequently resulting in decreased international cooperation often accompanied by attempts to prolong the fossil fuel business model. This is despite the fact that the competitiveness of renewable energy, energy storage and electrification has improved, as evidenced by heat pumps and electromobility, for example.

Contrary to expectations, the far right did not prevail in France. In Finland, the climate-policy progressive Left Alliance became the strongest force in the EU parliamentary elections, and in Sweden, the far-right party was defeated in the same elections. In Turkey, the people of Istanbul in particular rejected the authoritarian President Erdogan.

### Climate policy in a multipolar world

The world is multipolar and recent developments reinforce this trend. Russia's attack on Ukraine makes geopolitical alliances more clearly visible. The United Arab Emirates is investing massively in Africa while Europe is so far holding back. China has been investing in the African continent for a long time, which has led to near dominance in many countries. Many African countries do not want to upset the large investor and lender.

Negotiations on the UN Pact for the Future demonstrated Africa's importance, as its countries presented a united and coordinated front. They were largely responsible for an ambitious result that was also able to resist late attempts at sabotage by Russia. The EU could build on this with cooperation offers. It remains an important geopolitical actor but must find its key focus and act accordingly. Just as Germany worked closely with Namibia on the Pact for the Future, so too must the EU reach out to ambitious low-income countries in the climate negotiations and make them appealing offers. Cooperation should be sought with countries that: (1) can advance the transfor-

<sup>3</sup> UNDP, o. J., [A 'super year' for elections](#) (last accessed: 21.10.2024).

mation of the energy system in their own country and do so through cooperation on raw materials; (2) are heavily dependent on gas and oil imports and rapidly want to liberate themselves from such; and (3) export oil and gas and want to prepare themselves for the energy era dominated by electrification and renewable energy.

### **Is this a bid farewell to the fossil fuel era?**

At last year's COP28, climate and environment ministers made the groundbreaking decision to transition away from fossil fuels. In September this year, in New York, heads of state and government reaffirmed this decision and agreed on the Pact for the Future, which underpins the necessary transformation process.

Thanks to the vast expansion of renewable energy, storage technologies and electromobility, the turning point in the global need for fossil fuels may have been reached or at least be imminent.<sup>4</sup> If the exponential rise in investment in renewable energy, energy storage, electromobility and heat pumps continues, global demand for coal, oil and gas will soon fall, perhaps even this year.

However, the election of Trump specifically, or a major economic stimulus package in China, based on a fossil fuel infrastructure, could delay this. The OPEC+ countries, such as Saudi Arabia and Russia, and companies such as Koch Industries and Exxon are working strategically to extend the fossil fuel business model. However, once social tipping points are passed, the global energy transition is very likely to accelerate. In China, future technologies will soon account for such a large share of economic growth that a political stalling of the energy transition is hardly conceivable. In the US, even in states such as Texas that are dominated by the fossil fuel lobby, renewable energy are becoming more competitive. Once heavy industry in Europe has invested several billion in the energy transition, it must continue to support it out of self-interest. There is much to suggest that such tipping points will be passed in the next few years and will then continue to drive each other on.

### **Reduce debt and enable climate change mitigation**

However, the transformation is taking place unevenly, as it has so far been focussed on the 20 largest economies. As an example a single state in Germany, Bavaria, has installed more solar capacity than the whole of the African continent<sup>5</sup> High capital costs represent the greatest obstacle to a faster global energy transition in the Global South. Inadequate framework conditions, for example for the electricity market or for breaking monopolies, and high interest rates stand in the way of the necessary investments despite competitive technology costs.

The high level of debt in many countries (many pay more for debt servicing than for education and health) further reduces the capacity to invest in climate change mitigation and adaptation. Loss and damage resulting from extreme weather events and the associated costs of reconstruction further complicate the challenge. This emphasises the importance of this year's COP, at which the new climate finance goal for the period after 2025 is to be adopted. The fact that finance ministries are often absent from the negotiations presents a hurdle. The Brazilian G20 Presidency is trying to bridge this gap with its Climate Task Force by bringing together finance and environment ministers. This attempt shows how difficult it is to align the agendas of the UNFCCC, finance ministries and central banks. However, finance ministries and central banks are crucial to tackling the climate crisis.

The multilateral UNFCCC process has so far managed to resist the geopolitical challenges of previous years. Whether this will remain the case is yet to be seen. The outcome of this year's US election, in particular, will either have a positive or negative impact on the process.

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4 Bond, K., Butler-Sloss, S., Walter, D., 2024, [The Cleantech Revolution. It's exponential, disruptive, and now](#) (last accessed: 21.10.2024).

5 For Bavaria see: Bayerisches Staatsministerium für Wirtschaft, 2024, [Landesentwicklung und Energie. Bayerische Erneuerbare-Energie-Strategie Energieplan Bayern 2040](#); for Africa: IRENA, 2024, [Renewable capacity statistics 2024](#) (last accessed: 21.10.2024).



## 1.2 Climate finance – the most important point on the agenda at COP29

Climate finance will be the focal point of COP29. An agreement must be reached in Baku after several years of negotiations on the New Collective Quantified Goal on Climate Finance (NCQG) for the period after 2025. The goal replaces high-income countries' pledge to provide USD 100 billion annually to Global South countries. This was set to take place from 2020 to 2025 though a two-year delay meant that it was only first achieved in 2022. Due to the increasingly tighter budgets for climate finance in high-income countries, it is by no means guaranteed that the pledge will be maintained for 2023 to 2025. This is highly problematic for two reasons. On the one hand, climate finance is the key ingredient that promotes trust in the negotiation process. An eroding sense of trust makes the climate negotiations increasingly difficult. On the other hand, many of the Global South countries need to be certain that they will be supported in their efforts to fight climate change, adapt to global warming and deal with loss and damage caused by climate change. The impact of a lack of climate finance could be equally great on the countries' level of ambition. High-income countries have an ethical and moral duty to provide support. After all, they are the ones who largely caused climate change in the first place.

Negotiations on a new climate finance goal are challenging, as they go far beyond the matter of climate finance. The following points take centre stage in the discussions:

1. What is understood by the Common but Differentiated Responsibilities and Respective Capabilities (CBDR+RC)? What does equity mean in this context? Over 30 years after the Rio Earth Summit, when the Framework Convention on Climate Change was established, which countries are actually high-income or developing countries respectively?
2. Is dealing with loss and damage caused by climate change on the same level as tackling climate change and adapting to climate change when it comes to finance matters?
3. What actually counts as climate finance? Do all financial flows and investments need to be considered? Or should climate finance only consist of grants and highly concessional loans?

Because of these complex issues, years of eroded trust, a tense geopolitical situation and a far from ideally prepared COP29 Presidency, the conference will be one of the most challenging in years. What does a successful COP look like under these circumstances? A successful COP must set a new climate finance goal that:

- ... develops a climate finance structure which guarantees trust, security and sufficient funding for the following decades.
- ... fulfils the needs and priorities of low-income countries.
- ... incorporates mitigation, adaptation and responding to loss and damage in equal measure.
- ... is binding for all countries that have the responsibility and capacity to contribute to climate finance.
- ... focuses on support through public funds but also involves the need for all finance flows and investments to achieve the long-term climate goals of the Paris Agreement.
- ... identifies new sources of finance for climate measures and incorporates them into the goal.
- ... reduces ambiguity in relation to the transparency and accountability of climate finance.

## 1.3 Triple COP year

The following years will be decisive for the cohesive implementation of the Paris Agreement and the Global Biodiversity Framework (GBF). The opportunities are great as 2024 is the triple COP year and 2025 is the year of the climate conference in Brazil (COP30). By triple COP year we refer to the fact that in addition to the UNFCCC COP29 in Baku, COP16 of the Convention on Biological Diversity (CBD) and COP16 of the UN Convention to Combat Desertification (UNCCD) are also taking place this autumn and winter.

These three processes must be considered more in unison, to make the most of synergies between climate, land and biodiversity protection and align all measures with a 1.5°C pathway. In each of the three areas, protecting the rainforests in collaboration with indigenous groups, for example in Latin America, Congo, and Indonesia, is an important issue.

The initial steps in the climate process have been taken: at COP28 in Dubai, the role of nature was enshrined for the first time and clear references to the Convention on Biological Diversity were reflected in the closing document. The importance of using resources efficiently and the circular economy for climate change mitigation was also included in the declaration.

## 1.4 Azerbaijan: human rights and civil society in the COP host country

### What COP29 must deliver

**Strengthen human rights and civil society:** given the concerning human rights situation in Azerbaijan, we call for COP29 to offer a forum for the free exchange of views and to respect civil society voices, both within and outside of the conference venue.

Azerbaijan is the Chair of this year's COP and not by chance. There is a defined schedule for the rotation of the COP Chair between five established UN regions, and 2024 is the turn of Eastern Europe. Several countries in this group applied. There are chiefly two reasons why Azerbaijan was the successful one. First, because of the Russian attack on Ukraine, there were geopolitical blockades against other countries that applied. And second, there was a surprising agreement between Armenia and Azerbaijan on the military conflict in the Nagorno-Karabakh region. This was an important condition for the other Eastern European countries to back Baku as the host location for COP29.

Azerbaijan started the Nagorno-Karabakh war among other reasons because it is home to many of the important raw materials for the global energy transition. Initial meetings have already been held to capitalise on this treasure. At the same time, Azerbaijan's government is massively suppressing civil society. Many of our colleagues there are in prison or have had to flee.

For the third time in a row, an authoritarian country that supports fossil fuels is hosting the COP. Although this can send transformative messages to these countries, it is a worrying trend. We hope that the UNFCCC can guarantee a safe and fair COP, free from interception measures.

Azerbaijan's economy is largely based on fossil fuels. Oil, gas and oil products make up over 90% of export revenues and around 50% of the national budget, and the country plans to increase its

oil and gas production by almost a third over the next decade.<sup>6</sup> Due to Western boycott measures against Russia, Azerbaijan has come more strongly into focus, particularly as the gas supplier for Europe. According to a bilateral agreement made in 2022, gas imports to the EU should more than double by 2027.<sup>7</sup>

Azerbaijan also wants to moderately expand renewables. The country aims to increase installed renewable electricity generated from solar and wind power from 16.5% in 2022 to 30% in 2030.

From a human rights perspective, there are also considerable concerns about Azerbaijan hosting an international conference. The human rights organisation Freedom House classifies the country, which has ten million inhabitants, as 'Not Free'<sup>8</sup>. It has been proven that, for a long time now, the government has been suppressing independent civil society to the extent that it has limited the right to freedom of expression, freedom of association and peaceful assembly. The Azerbaijani COP29 Presidency may promise to listen to all voices, but the repression of civil society actors and critical media representatives has increased. Arrests, arbitrary detentions and the prosecution of over a dozen civil society activists and journalists call to mind past international events in Azerbaijan, such as the 2012 Eurovision Song Contest.<sup>9</sup> To ensure it is effective, the COP29 has to provide a forum for the free exchange of opinions that also includes civil society actors who are the driving force behind climate justice and human rights. Azerbaijan and the UN Climate Secretariat must guarantee that all human rights within and outside of the event area are protected and promoted. These include the right to freedom of expression and the right to peaceful assembly.

As the host country, Azerbaijan has hardly made any political preparations for the conference so far. It is therefore unclear how well positioned the Presidency is to achieve ambitious solutions. The country has announced a number of initiatives, but these are primarily aimed at uniting existing initiatives. Mukhtar Babayev, the Minister of Environment of Azerbaijan, is COP President. Prior to his time as Minister of Environment, he worked for 26 years at the state-owned oil and gas company Socar, where he headed the company's environmental department since 2007.

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6 IEA, 2022, [Implementing a Long-Term Energy Policy Planning Process for Azerbaijan: A Roadmap](#) (last accessed: 21.10.2024).

7 Reuters, 2022, [EU signs deal with Azerbaijan to double gas imports by 2027](#) (last accessed: 21.10.2024).

8 Freedom House, 2024, [Azerbaijan](#) (last accessed: 21.10.2024).

9 Amnesty International, 2024, [Azerbaijan: The Human Rights Situation in Azerbaijan ahead of COP29](#); The Guardian, 2024, [Azerbaijan accused of media crackdown before hosting COP29](#) (last accessed: 21.10.2024).

## 2 Political sticking point of COP29

### 2.1 Climate finance

#### What COP29 must deliver

**Strengthen climate finance:** we need a new, fair and comprehensive climate finance goal for the period after 2025. Low-income countries need to be certain that the global community supports them in the transformation, in the adaptation to climate change, and in addressing loss and damage caused by climate change.

#### The New Collective Quantified Goal on Climate Finance (NCQG)

Climate finance is at the centre of this COP. A new climate finance goal will replace the existing USD 100 billion pledge after 2025. Negotiations on a New Collective Quantified Goal on Climate Finance (NCQG) are drawing to a close after a three-year negotiation process. Despite the long preliminary discussions, a variety of negotiation issues are still unresolved. It is clear though that the goal should have quantitative as well as qualitative elements.

There are several reasons for this limited progress. Crucially the trust between high-income and low-income countries in the negotiation process in recent years has continued to decline. Among other things, this is due to the high-income countries' delayed fulfilment of the USD 100 billion pledge as well as shortcomings in transparency and financial reporting. At the same time, matters are discussed in the context of the NCQG that go significantly beyond climate finance. Fundamentally, it is clear that the needs of low-income countries to cope with the climate crisis are multiple times higher than the USD 100 billion pledged up until now. In addition, losses and damages caused by climate change that were not included in the 100 billion pledge are increasing. With public funds becoming ever more scarce, it is also a case of what each type of climate finance will be used for. The private sector can, in perspective, play a major role. Its contribution to adaptation measures is likely to remain fairly small and it will be completely absent when it comes to dealing with loss and damage. Without sufficient climate finance however, low-income countries are hardly in a position to draw up new and ambitious Nationally Determined Contributions (NDCs). In this context, the NCQG negotiations must respond to a series of unresolved questions at COP29.

What is the timeframe for the target? Low-income countries tend to favour 2030, with a subsequent review. Yet high-income countries speak of 2035. Ideally, the target should lay the foundations for the climate finance structure in the coming decades. This also means that there must be a review to adapt the target to the changing needs of low-income countries. At the same time, such a process must not lead to permanent negotiations.

The quantitative target is closely linked to the timeframe. Several low-income countries are calling for 1–1.3 trillion US dollars a year, although it remains unclear how much of this should come from the public budgets of high-income countries. These countries have not yet taken a position and have merely made a non-binding reference to the report by the International Panel of Experts on Climate Finance. This sets forth that USD 1 trillion from international public and private funds should flow into low-income countries by 2030. The final amount (the quantum) will probably be decided at the last minute. What is clear is that it must be significantly higher than 100 billion US dollars to meet the needs of low-income countries.

How high the quantum can be also depends on who should contribute to it. Two aspects drive this discussion. In contrast to the Framework Convention on Climate Change, the Paris Agreement does not have any annexes detailing lists and instead mentions developed and developing countries. Furthermore, the global situation has shifted since the annexes were drafted. More countries have meanwhile reached a high level of prosperity leading to substantial per capita emissions. Equally, there are countries in which both apply (high emissions and a high prosperity level), but that are very heavily affected by the impacts of climate change. It is therefore unclear which new countries should contribute. Regardless of this, there will only be an ambitious climate finance goal if the traditional donors express a clear wish to go further and if those who have not done enough in the past, particularly the US, are prepared to pledge significantly more. New donors should commit to voluntarily extending their previous efforts (there are already substantial South-South climate finance flows) and report on them within the framework of the UNFCCC. The latter has not occurred yet. In particular, the Carbon Majors, in other words the largest oil, gas, coal, and cement producers, should do their bit in future.

The Carbon Majors must contribute particularly when it comes to providing funds for dealing with loss and damage caused by climate change. While the Paris Agreement originally only focused on climate change mitigation and adaptation, the significance of loss and damage has changed drastically since 2015. After years of stumbling blocks, the negotiations have finally led to a dedicated fund for loss and damage. At the same time though, loss and damage have intensified further. They must therefore be anchored in the NCQG on an equal footing as a third pillar alongside mitigation and adaptation. This prioritises the needs of the most vulnerable.

Whether there will be specific sub-goals for loss and damage and for adaptation remains to be seen. Experience of the USD 100 billion pledge shows that adaptation finance falls significantly short of climate change mitigation finance. The goal agreed upon in Glasgow to double adaptation finance until 2025 (compared to that provided in 2019) aimed to counteract this failure. It is still unclear whether the goal of doubling the amount will be met. If a new climate finance goal were now to be established, sub-goals should ensure that climate finance, particularly public and subsidised finance, are used purposefully. Given past experience and substantially increasing needs, the NCQG should maintain a dedicated goal for adaptation. The Paris Agreement also emphasises the increased need for grant-based resources for adaptation. A sub-goal for loss and damage is harder to define. It is important that the NCQG does not have too many sub-goals, to maintain the change in direction and avoid a loss of trust through unachieved goals. If there is no dedicated sub-goal for loss and damage, it must otherwise be ensured that there is sufficient climate finance available to deal with loss and damage. This could, for example, be anchored in the NCQG through pledges for ambitious and regular replenishments of the multilateral climate funds including loss and damage.

Adaptation and dealing with loss and damage require above all grants and heavily subsidised loans. Climate change mitigation instruments will be more diverse. It is still being discussed whether the NCQG should be limited to public funds or also include private funds that are mobilised through public funds. High-income countries are additionally calling for a more far-reaching investment goal that considers all climate-relevant investments. While it makes sense to consider all climate-relevant financial flows, the NCQG must show that high-income countries, and any new donors that are able to contribute, ensure that public funds form a core part. In this case, a broader investment goal can be helpful to shift the overall investment flows.

There has always been a lack of transparency and accountability in climate finance. This raises concerns that the reported climate finance is significantly higher than the actual contribution. The existing definition of climate finance is so broad that it is ineffective; to date, reporting has not been very comparable. This year, countries have to submit their biennial transparency reports for the first time, which should make comparison easier. In order to properly reflect its various aspects, the

NCQG should at least stipulate that the results of the NCQG negotiations be reflected in the revision of the transparency requirements.

While these are the most controversial points, the NCQG should cover additional aspects to increase quality and create opportunities that can expand climate finance further.

Climate finance is difficult to access for many of the most vulnerable. Its requirements are often complex and vary substantially depending on the donor. In addition, the majority of climate finance still flows through third parties instead of going directly to actors in the Global South. The NCQG should promote equivalent access conditions and enable direct access to climate finance for countries in the Global South. Local institutions have the best understanding of the circumstances on the ground, can often act more quickly and reduce transaction costs by avoiding international actors.

Other obstacles, particularly the limited scope for fiscal manoeuvre, are delaying the pace of transformation. The main reasons for this are a lack of national financial resources, a high debt burden and capital costs, which can be attributed to the high number of parallel crises and a dysfunctional international financial system. This also includes fossil fuel subsidies and other framework conditions that may be favourable or unfavourable, as well as trade issues. The NCQG should take these factors into account and create the basis for more in-depth work on these topics in the future.

At a time when budgets are tight, innovative financial instruments will play an important role in increasing the total climate finance amount, particularly in the context of the international financial structure reform:

1. Reform of multilateral development banks.
2. Reform of the International Monetary Fund and the debt structure.
3. Introduction of new taxes and levies based on the polluter-pays principle.

While the UNFCCC and therefore the NCQG has no direct mandate for this process, the NCQG can send an important message for the reform process and open up prospects for new and additional funding.

Lastly, the NCQG should make clear reference to the long-term goals of the Paris Agreement. In order to comply with the 1.5°C limit, it must particularly support pioneering countries that are prepared to phase out fossil fuels despite scarce resources. With regard to the Global Goal on Adaptation (GGA), there has so far been no clear link to the financial issues. The NCQG must be firmly anchored in the GGA. The above-mentioned sub-goal for adaptation must fit in with the demand-orientated goals of the GGA.

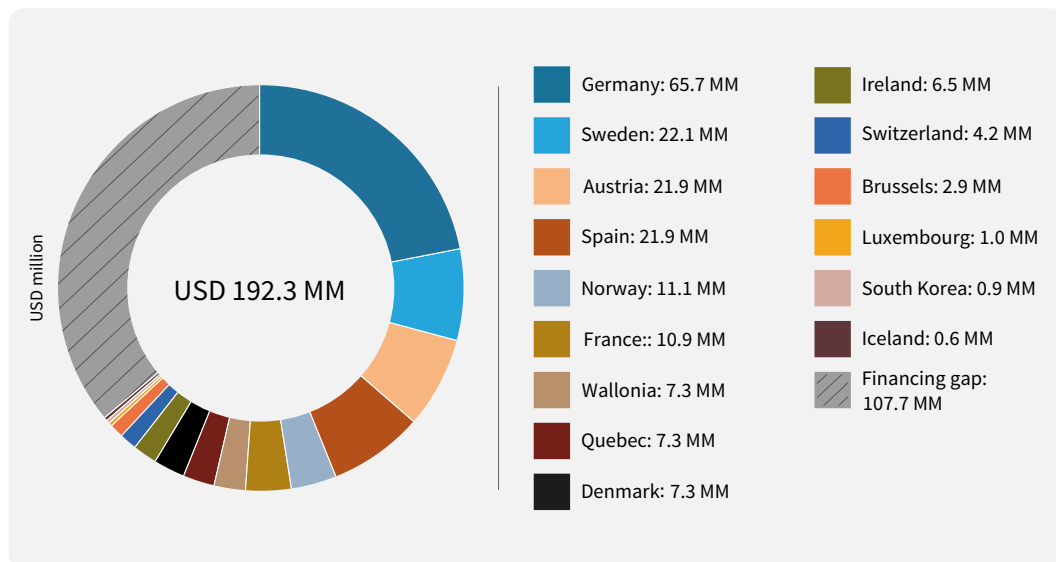
## **Adaptation finance**

For years, adaptation finance has been lagging behind in the goal to finance climate change mitigation and adaptation equitably. Although the additional pledge made at COP26 to double contributions promises progress, it remains unclear whether it will be fulfilled. Politically, adaptation finance has also suffered in recent years because of the strong focus on finance for dealing with loss and damage.

COP29 will consequently prioritise adaptation finance. The Azerbaijani Presidency's spotlight on the concerns of Small Island Developing States (SIDS) and Least Developed Countries (LDCs) fits in with this too. At COP28, commitments to the Loss and Damage Fund in particular created a positive underlying dynamic in the negotiations from the outset. A similar package for adaptation finance could provide the necessary positive impetus for the NCQG negotiations. The adaptation fund should stand at the centre of these efforts. For years, the fund has been characterised by

best practices and innovative approaches in climate finance. Despite this and its great popularity among countries of the Global South, the 2023 Adaptation Fund was not even able to reach the resource mobilisation target agreed upon in negotiations. This cannot happen again. High-income countries should significantly exceed this year’s mobilisation target and commit to multi-year contributions. The one-year nature of many donor contributions has so far considerably limited the Fund’s potential.

### Pledges to the Adaptation Fund



**Figure 2: Pledges to the Adaptation Fund; figure produced by Germanwatch based on data provided by the Adaptation Fund.**

The high-level ministerial meeting on the pledge to double the contribution and the negotiations on the GGA also offer the opportunity to strengthen adaptation finance. In the case of the GGA, this applies in particular to the decision on which indicators should be particularly relevant for adaptation finance in the future. In the context of the ministerial meeting, high-income countries should at least use the space for possible commitments, if they have not already done so, and speak out in favour of a dedicated adaptation sub-goal in the NCQG.

### Consideration of other financial flows

For years, a major point of contention in the climate negotiations has been the relationship between climate finance under Article 9 of the Paris Agreement and the long-term goal of aligning all financial flows with climate resilience and the 1.5°C limit (Article 2.1c). The most important sticking point here is whether the implementation of Article 2.1c could weaken high-income countries’ responsibility towards climate finance. To exchange views on this, a dialogue was established in Sharm El-Sheikh, which was extended to Dubai. However, it has no decision-making mandate and is therefore toothless. The future of the dialogue will be closely linked to the outcome of the NCQG negotiations. Many actors see a strong overlap with the obstacles and favourable elements discussed in the NCQG. A possible investment goal is also closely related. To be relevant in the future, the negotiating Parties must attach more importance to the dialogue after the conclusion of a successful NCQG. Based on the experience with loss and damage, it would be conceivable to transform it into a decisive agenda item like the Glasgow Dialogue on Loss and Damage.

## 2.2 Adaptation

### What COP29 must deliver

**Develop climate change adaptation indicators:** COP29 must ensure that clear, scalable and comprehensive indicators (encompassing adaptation finance indicators) for the Global Goal on Adaptation are developed until COP30. This is the only way to track progress, close gaps, and direct climate finance to where it is needed. To achieve this, it is essential to establish a clear link between the Global Goal on Adaptation and the new global climate finance goal.

The climate crisis has worsened dramatically in 2024. Floods, droughts and heatwaves are striking with unprecedented intensity, even in regions that have previously been spared such severe incidents. Extreme weather events now regularly dominate the headlines and remind us daily of the urgent need to adapt to the consequences of climate change worldwide. On the other hand, measures to adapt to extreme weather events are proving successful in many places: the number of deaths caused by such disasters has fallen significantly in recent years. This shows how well invested international funding for adaptation is, as this money reduces human suffering, curbs crises, stabilises vulnerable regions and lowers the risk of forced displacement.

At COP28 in Dubai, the adoption of the Global Goal on Adaptation (GGA), known as the UAE Framework for Global Climate Resilience, was an important step towards ensuring the quality of adaptation measures. In this framework, 11 adaptation targets were defined, categorised into seven thematic targets (water, food and agriculture, health, ecosystems and biodiversity, poverty and livelihoods, as well as infrastructure and cultural heritage) and four dimensional targets (impact and vulnerability assessment, planning, implementation, as well as measurement, evaluation and learning), which are aligned with the iterative adaptation cycle. The two-year UAE-Belém work programme was launched to define the adaptation targets more precisely, plan measures more specifically and assess progress in achieving the GGA. It focusses on identifying existing, and developing new, indicators for the 11 GGA targets. The adaptation indicators should be finalised by COP30 and should help to reduce vulnerability, strengthen adaptation capacities, improve the quality, scope and longevity of measures and thus build long-term resilience for society as a whole. Adaptation contributes to achieving the Sustainable Development Goals (SDGs), improves living conditions and stabilises markets, supply chains, and even entire regions.

Findings from the compilation and mapping of indicators following the interim negotiations (SB 60) in Bonn in June 2024 have shown that existing frameworks such as the SDGs and the Sendai Framework<sup>10</sup>, while providing a valuable starting point, still have significant gaps in terms of action planning and measuring adaptation progress. For example, dimensional targets in many low-income countries lack indicators for planning, monitoring and evaluation compared to implementation. Furthermore, current frameworks tend to favour quantitative indicators (such as number of households affected by drought), while qualitative aspects (such as community perception of adaptive capacity to drought) remain underrepresented and even controversial. Complementary qualitative indicators are important, for example, to cover the acceptance and ownership of implemented measures, their perceived effectiveness or estimated relevance for future prospects. However, the LDC group reported that of the 944 existing indicators from their National Adaptation Plans (NAPs) and Nationally Determined Contributions (NDCs), almost 80% are quantitative indicators. Furthermore, more than 89% of the indicators were found to focus on assessing adaptive

<sup>10</sup> The [Sendai-Rahmenwerk](#) focuses on the adoption of measures that address the three dimensions of disaster risk (exposure to risk, vulnerability and capacity, as well as the characteristics of risk). The aim is to prevent the emergence of new risks, reduce existing risks and increase resilience.



capacity, rendering the critical areas of reducing vulnerability and building resilience insufficient. Based on the awareness that effective adaptation requires more than just technical solutions, the new indicators need to capture not only the technical dimensions, but also the political, social and economic factors that influence adaptation outcomes. Only this broader approach will ensure that the full scope of adaptation efforts is measured, reflecting the complexity of the challenges and the multi-layered nature of resilience building.

The decision as to which body will oversee the upcoming work, whether the Adaptation Committee or an ad hoc expert group, will be important. Each option has its own strengths and challenges, but one thing is clear: the process must not become overly politicised. It has to create space for front-line practitioners and communities, as their experiences provide crucial insights that are missing in top-down negotiations. Indicators should be practical tools that help actors track real progress and close gaps. Furthermore, the inclusion of indigenous knowledge systems and locally-led adaptation measures is not only a matter of justice, it is a strategic necessity. This bottom-up approach should be methodologically integrated into the scientific frameworks that form the essential basis for international climate negotiations. While this leads to the required detailed scrutiny, it also prevents the adoption of insights from alternative knowledge systems or outdated, unsustainable practices. When deciding on the governing body for the upcoming work, priority should be given to the body's ability, or potential ability, to enable inclusive spaces for technical discussions and to promote the political dynamics of adaptation.

COP29 is being billed as the finance COP, as finance is a key factor for effective climate action, including on adaptation. The high-level ministerial dialogue at COP29 on scaling up adaptation finance should ensure the promised doubling of adaptation finance. Furthermore, the lack of a clear link between finance and the GGA is a glaring paradox that needs to be addressed if COP29 is to be a success. Parties must harness this moment in time to set strong financial goals under the NCQG that are aligned with the GGA targets and are therefore needs-based. This is necessary to ensure that adaptation finance is prioritised and is implemented in a practical manner. In the GGA negotiations, finance plays a crucial role in the broader discussion on implementation indicators. Without the necessary Means of Implementation (Mol) based on GGA indicators, the GGA risks widening the gap between ambitious global climate policy goals and the reality of those on the frontlines of the effects of climate change. Mol indicators are important for restoring trust in the global prioritisation of adaptation and for providing a clear mandate to assess actual adaptation needs. The expectations surrounding Mol indicators among the most affected countries and civil society are closely linked to general frustration over the longstanding failure of high-income countries to deliver on their annual USD 100 billion climate finance pledge. The inclusion of Mol indicators could help to overcome this lack of trust and achieve real progress.

Another key topic at COP29, which is closely linked to the GGA, is the task of translating the outcomes of the first Global Stocktake (GST) into sound new NDCs. These NDCs 3.0 should also include adaptation targets, as the GST has clearly shown the gap in adaptation implementation to date. As the impact of the climate crisis on people and ecosystems increases, it makes sense to closely link NAPs, NDCs and GSTs to UNFCCC timelines, national planning documents and local implementation. NAPs can be submitted individually or as part of the new NDCs. The most important step is for all countries to develop and implement adaptation plans. So far, it is mainly the LDCs, African countries and SIDS that have drafted NAPs. Getting the financial support they need to implement their plans is their priority. Other countries, including wealthy countries, must now develop their own adaptation plans or include them in their NDCs 3.0. The recent heatwaves, forest fires, hurricanes and floods have shown once again that wealthier countries are also at risk of extreme weather events. Here too, the sections of the population living in more poverty are particularly affected. Therefore, all countries should have their adaptation plans in place by 2025, either in their NAPs or NDCs. The aim is to protect better than ever before, especially the most vulnerable, people and ecosystems around the world guided by the GGA targets.

## 2.3 Nationally Determined Contributions (NDCs)

### What COP29 must deliver

**More ambitious Nationally Determined Contributions:** as agreed in the Paris Climate Agreement, countries have to submit new Nationally Determined Contributions every five years. So far, however, these Nationally Determined Contributions have been insufficient. COP29 needs to build political momentum to further develop ambitious NDCs aligned with the Paris Agreement, putting the world on a 1.5°C pathway.

COP29 is a central anchor point for the new NDCs. This is true both for their further development in terms of content and for the political process that drives such. According to the Paris Agreement, the Parties are obliged to submit new, more ambitious NDCs every five years. The first GST was concluded last year at COP28 in Dubai, during which all countries agreed, among other things, to transition away from fossil fuels. At the same time, the GST revealed serious shortcomings in ambition, financing and implementation.<sup>11</sup> If the current NDCs were to be implemented in full, which is not certain, they would still lead to catastrophic global warming of 2.1–2.8°C<sup>12</sup>. The GST therefore resulted in a call to action for the international community and has hopefully provided an important impetus for the new NDCs.

As mentioned in the GST Synthesis Report<sup>13</sup>, non-Party stakeholders have urged the next GST to consider overarching issues such as gender, human rights and social inclusion. These issues should be prioritised in the future and generate synergies with international cooperation frameworks and relevant multilateral agreements outside the Paris Agreement. The COP Troika, consisting of the United Arab Emirates, Azerbaijan and Brazil, should also pay more attention to these agenda items. A successful implementation of the GST outcomes at COP29 will set a benchmark for the second GST and future NDC cycles.

Although NDCs are not explicitly on the negotiating agenda at this year's COP, a number of countries are expected to use the international arena to present their NDCs 3.0. The Troika is a particular focus of attention. In preparation for COP29, it had already emphasised the central importance of international cooperation for more ambitious climate targets through the Roadmap to Mission 1.5°C and called on countries to submit their NDCs early.<sup>14</sup> The Troika countries are also expected to present their own NDCs at COP29. If they do so, they must send an exemplary message on compliance with the 1.5°C limit. They will be judged on this.

Specifically, Germanwatch expects that the NDCs 3.0 will include a series of relevant elements: they ought to (1) create transparent 1.5°C criteria and (2) pursue a human rights-based approach that is geared towards fairness and sustainable development.

In addition, as part of the Paris Agreement, countries must clarify how their climate targets address the shortcomings identified in the GST. Core elements of the new NDCs must therefore include the following:

1. Improved absolute reduction targets for 2030 and 2035 that collectively contribute to a 43% reduction in greenhouse gas emissions by 2030 and a corresponding 60% reduction by 2035 compared to 2019 levels, with high-income countries taking the lead in accordance with the principle of common but differentiated responsibilities (CBDR-RC).

11 Ryfisch, D. et al., 2024, COP28 – Debrief (last accessed: 21.10.2024).

12 See footnote n. 2.

13 UNFCCC, o.J., [Global stocktake secretariat synthesis reports and addendas](#) (last accessed: 21.10.2024).

14 UNFCCC, o.J., [Troika: Mission 1.5](#) (last accessed: 21.10.2024).

2. The ambitious implementation of agreed mitigation actions, in particular adequate contributions to the global tripling of renewable energy and the global doubling of energy efficiency by 2030.
3. Information on the provision of financial support by high-income and other financially strong Parties, besides Annex 1 countries, to support financially weaker countries in implementing their NDCs 3.0.
4. Net-zero targets for high-income countries by 2040 and for low-income countries by the middle of the century, including the phasing out of all fossil fuels.
5. An immediate stop to new coal, oil and gas projects, and the elimination of fossil fuel subsidies.
6. A 75% reduction in methane emissions from fossil fuels by 2030.

All of this is crucial to limiting global warming to 1.5°C.

COP29 is vital for generating the strong political momentum needed to establish such ambitious NDCs. In addition to the aforementioned role of the Troika, wealthy, high-emission industrialised countries in particular have a responsibility here. They must not only announce key points of strong NDCs early on, but also support low-income countries with additional and specific offers to develop their NDCs.

Countries with a leading role, such as the EU or Germany, should send strong political messages, forge wide stakeholder alliances and act as ambitious early movers to inspire others. Civil society's involvement in the development of NDCs 3.0 is essential, as it translates political declarations of intent into broad-based narratives and contributes to concrete, solution-led policies. Countries should therefore establish transparent and inclusive mechanisms that enable meaningful participation of civil society actors in all phases of NDC development and implementation, and prevent any threats to their climate action and resilience-related efforts to protect public goods.

## 3 Further negotiation topics

### 3.1 Loss and damage

#### What COP29 must deliver

**Ensure adequate long-term financing for loss and damage:** to enable particularly affected and vulnerable people and countries to effectively address loss and damage, the new Fund for responding to loss and damage needs a fundraising strategy. Those who contribute(d) a lot to climate change and have the economic capacity to do so should also adequately pay into the fund. COP29 must ensure the long-term financing for loss and damage by establishing an NCQG sub-goal and decide on a loss and damage finance gap report.

Science can more clearly than ever before attribute extreme weather events such as hurricanes or slow-onset processes such as rising sea levels to anthropogenic climate change. 2024 has been a year of exceptionally frequent and extreme weather events worldwide. A tragic highlight was the prolonged heavy rainfall in East Africa,<sup>15</sup> which claimed over 500 lives, displaced 480,000 people and negatively impacted 1.6 million people in total.<sup>16</sup>

People all over the world are suffering from the effects of climate change due to increasingly frequent slow-onset processes and extreme weather events such as storms, floods and droughts. However, people living in poverty in the Global South are particularly hard hit. The most vulnerable people and countries are suffering loss and damage, particularly due to a lack of funding to adapt to climate change. It is therefore to be welcomed that the institutional landscape within the UNFCCC has developed considerably in recent years through the newly implemented Santiago Network on Loss and Damage (SNLD), the Fund for responding to Loss and Damage (FRLD) and other funding arrangements such as the Global Shield. However, these institutions and their optimal collaboration however are not yet fully operational. The pressing question remains: how can the wide gap in funding for loss and damage be closed? The agenda of this year's COP offers some starting points to address this.

#### The Fund for responding to Loss and Damage (FRLD)

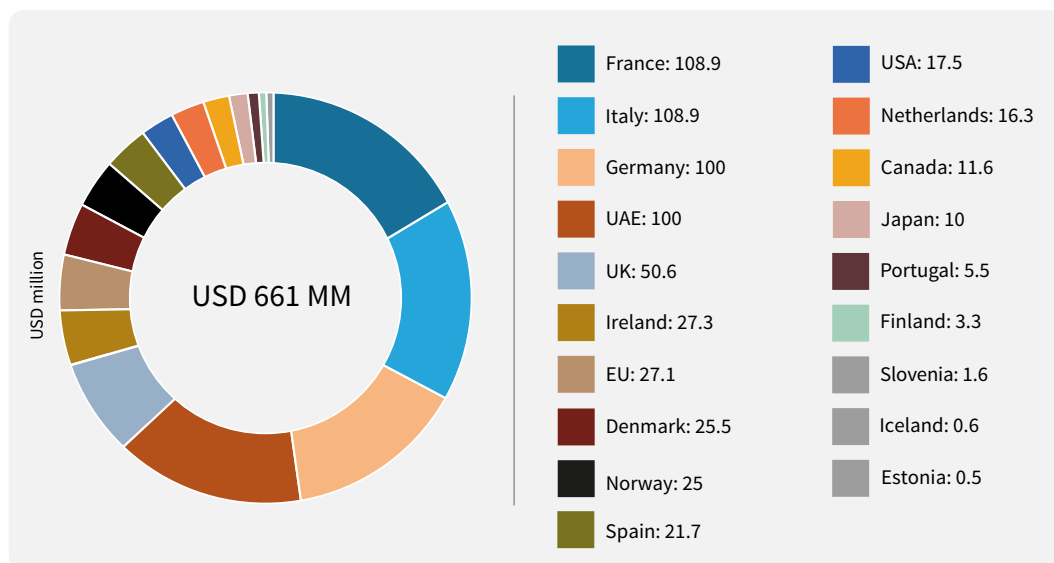
After years of blockage by the Global North, the establishment of the FRLD was a historic milestone. The Board of the Fund is currently working on its full implementation, including rules and modalities. At COP29, the Board has to report to the COP/CMA (Conference of the Parties serving as the meeting of the Parties to the Paris Agreement) on its progress and should receive guidance from such on its policies, programme priorities and eligibility requirements. A key issue is the fundraising strategy, including regular replenishment cycles to ensure that the fund is reliably filled. Were this not to be the case, it would become a hollow shell. After all, an empty fund cannot support any measures to deal with loss and damage. The funds already pledged at COP28 (around USD 700 million) convey an important message but fall many times short of the actual needs of the people affected in the Global South. Scientists estimate that USD 290–580 billion will be needed in Global South countries to address loss and damage by 2030, while civil society actors estimate the amount to be USD 447–894 billion.<sup>17</sup>

15 World Weather Attribution, 2024, [Urban Planning at the heart of increasing severe East African flood impacts in a warming world](#) (last accessed: 21.10.2024).

16 UNOCHA, 2024, [Eastern Africa: heavy rains and flooding Flash Update #4](#) (last accessed: 21.10.2024).

17 Markandya, A., González-Eguino, M., 2018, [Integrated Assessment for Identifying Climate Finance Needs for Loss and Damage](#) (last accessed: 21.10.2024).

### Pledges to L&D Fund



**Figure 3: Pledges to the Fund for responding to Loss and Damage; Source: figure produced by Germanwatch based on data provided by the UNFCCC.**

In order to implement the polluter-pays principle, in addition to the countries of the Global North, the Carbon Majors should also make financial contributions to the fund, including through innovative sources of financing. At COP29, the countries of the Global North and Carbon Majors should make further financial pledges to the Fund to ensure that it can operate effectively. Affected communities should also have direct access to finance so that the fund benefits the most vulnerable people. In addition, the fund must be inclusive and transparent and allow (civil society) observers adequate access to board meetings and documents.

Without a sufficiently resourced fund to deal with loss and damage, the number of lawsuits against major emitters will continue to rise as the damage caused by climate change becomes ever greater. Saúl Luciano Lliuya from Peru, for example, filed such a lawsuit against the German energy company RWE. In November 2017, a German court ruled for the first time that there could be a civil law claim for large greenhouse gas emitters to share the costs of necessary protective measures as a result of the climate crisis. Furthermore, if governments do not increase their ambitions to reduce CO2 emissions and implement them consistently, more and more individuals, cities and governments will be forced to file climate lawsuits against countries of the Global North.

### Review of the Warsaw International Mechanism for Loss and Damage (WIM)

On the agenda for COP29 is the third review of the Warsaw International Mechanism for Loss and Damage (WIM), which was established in 2013. The review includes an analysis of the implementation of the WIM’s original mandate, including its three functions. It is intended to assess the extent to which the Executive Committee’s (ExCom) work plan has been implemented to date. It also includes an evaluation of the WIM’s long-term vision, its structure (including the Executive Committee and the SNLD), the usefulness of its output and its cooperation, coordination, partnership and coherence with other bodies dealing with loss and damage. The latter is particularly important given the recent operationalisation of the SNLD and the establishment of the FRLD, which has significantly expanded the institutional framework since the last review in 2019.

In addition, the review should show that the financial resources currently provided to deal with loss

and damage are insufficient. The last review made it clear that progress was lacking, particularly in the area of ‘action and support including finance’.

The review will take into account various sources, including background papers, the WIM’s annual reports, relevant decisions, the Paris Agreement, the WIM’s work plan and the Santiago Loss and Damage Network’s work programme. In addition, Parties and non-Party observers were invited to submit their feedback.

### **Launch of the High-Level Dialogue**

In the context of the FRLD and its funding arrangements, the Parties have agreed to hold an annual High-Level Dialogue (HLD) organised by the FRLD and hosted jointly with the UN Secretary-General. This dialogue aims to improve the coordination and coherence of the funding arrangements. The HLD is intended to ensure that the FRLD and the funding arrangements meet the needs of the Global South and that the funds are used efficiently. It will also draw up recommendations to improve the implementation of the funding arrangements.

The HLD will be launched at COP29 and will include around 30 high-level representatives from institutions involved in addressing loss and damage and who are part of the funding arrangements. Specifically, these include representatives of the FRLD, the World Bank, the WIM, the SNLD and multilateral climate funds. Given the need to optimise synergies between the funding arrangements, the FRLD and other institutions and to close existing gaps, this coordination platform is of great importance. Coherence in the landscape of loss and damage is essential to ensure access to finance. To continuously increase effectiveness and improve cooperation, countries should plan additional meetings between the main UNFCCC bodies on loss and damage, namely the FRLD, WIM, ExCom and SNLD.

### **Permanent agenda item for loss and damage**

While the landscape of loss and damage under the UNFCCC has expanded, the topic is now only addressed in the climate negotiations in the context of the existing institutions’ reports, which may be adopted without further negotiations. Following the conclusion of the Glasgow Dialogue, which put the issue on the agenda at least during the interim negotiations, a regular agenda item is lacking at COP29 (and in general) to discuss loss and damage outside these institutions. This limits the much-needed space for discussion in the very dynamic field of loss and damage. A permanent agenda item would guarantee this space.

### **Loss and damage within the new climate finance goal**

In the context of the decision on the NCQG as of 2025 (see ‘Climate finance’ chapter), a sub-goal for loss and damage as a third pillar alongside mitigation and adaptation is necessary to reflect the realities and prioritise the needs of the most vulnerable. A loss and damage sub-goal would establish a formal UNFCCC requirement<sup>18</sup> and create a link between the FRLD and the global climate finance mandates of the UNFCCC. Although not all financial resources flow through the FRLD, the sub-goal would strengthen the fund’s mandate. Among other things, it would establish a measurable funding commitment for the FRLD, which is crucial for its effectiveness. In addition, this sub-goal would make it mandatory for the obligated countries to provide finance for loss and damage and introduce accountability.

The principle of historical responsibility plays an important role, especially for climate-related loss and damage. However, it is not only individual states that bear historical responsibility but

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<sup>18</sup> This then applies to the reporting of financial commitments for losses and damages.

also companies. The largest fossil fuel producers (primarily large coal, oil and gas companies), also known as the Carbon Majors, stand out in particular. A COP decision cannot establish legally binding measures for the Carbon Majors. However, the international community could commit to implementing national measures such as increased taxation of the Carbon Majors in order to mobilise financial resources for climate-related loss and damage. This commitment should be anchored in an NCQG decision alongside a sub-goal for climate-related loss and damage. An NCQG sub-goal for loss and damage should be based on the polluter-pays principle and also incentivise the private sector, in particular Carbon Majors, to contribute to achieving the goal.

For a sub-goal to work effectively, it is important to understand the needs of the Global South, collect information on financial support already provided and identify the resulting finance gap. Therefore, based on the GST decision of COP28 (Art. 134), which calls for a report to improve the availability of information on loss and damage, a Loss and Damage Gap Report, including finance should be prepared annually, similar to the UNEP reports on the adaptation and mitigation gap. Civil society organisations and negotiating groups of the Global South have been calling for this for a long time. The WIM review can provide guidance on the issue.

## 3.2 Mitigation

### What COP29 must deliver

**Implement the transition away from fossil fuels:** countries must put an immediate end to new coal, oil and gas projects and abolish climate-damaging subsidies. COP29 must call on all Parties to implement these commitments in their nationally determined contributions. Gaps in the COP28 energy package must also be closed at COP29. This includes, for example, moving away from fossil fuels in the entire economic system and sharpening up misleading terms such as ‘transitional fuels’ and ‘low-emission technologies’..

For the third time in a row, the COP is being held in an oil and gas exporting country. In the run-up to the conference, COP29 host country Azerbaijan is already claiming that fossil fuel extraction is compatible with mitigation. This is a striking demonstration of the shaky foundations on which the successes celebrated at COP28 and the UN Summit of the Future stand. It is therefore all the more important that COP29 sends a strong political message in favour of 1.5°C-compatible and fair NDCs. This includes providing the Parties with a comprehensive overview of the most important mitigation measures for the implementation of their NDCs. It is particularly pressing that COP29 proposes a roadmap on how the various UNFCCC mitigation processes, namely the UAE Dialogue on Implementing the Global Stocktake Outcomes, the Mitigation Work Programme and the Just Transition Work Programme, can lead to an ambitious course correction.

### Mitigation Work Programme (MWP)

The Mitigation Work Programme (MWP) was adopted at COP27 in Sharm El-Sheikh with the goal of closing the existing ambition and implementation gaps by 2030. The MWP is a standing item on the agenda and is currently the only place to discuss mitigation as part of the negotiations. Unfortunately, actors from oil and gas producing countries as well as China and India have so far managed to undermine the MWP and therefore avoid having to make further possible commitments themselves. During the intersessional negotiations in Bonn, for example, the Parties were not even able to agree on a minimum consensus in preparation for COP29 in Baku. This demons-

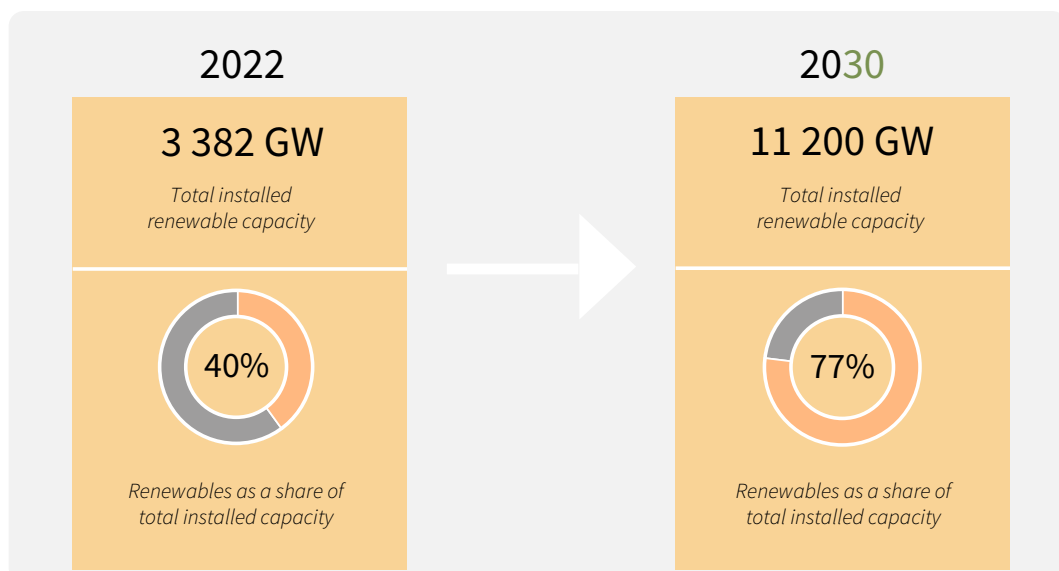
trates how fiercely the tug-of-war over the continuation of the fossil fuel business model is being waged, but also how great the loss of trust between the Parties is.

Ideally, the Parties would focus on the original mandate of the MWP. This would primarily involve implementing the mitigation-relevant elements of the GST decision (section 18–42, 1/CMA.5) as well as political signals for 1.5°C-compatible NDCs. Specifically, this includes an immediate end to new coal, oil and gas projects as well as the abolition of fossil fuel subsidies, the gradual phase-out of all fossil fuels and the global tripling of renewable energy, as well as the global doubling of energy efficiency by 2030. The weak MWP decision at COP28 could therefore be improved at COP29 and ensure that the MWP has a ripple effect for climate policy ambition. Whether this will succeed in a country that relies predominantly on the export of fossil fuels is more than uncertain.

Nevertheless, to ensure that the all-important course correction is achieved in Baku, a trusted space for discussion will have to be created. If this is not possible in the context of the MWP, the COP29 Presidency will have to open up new spaces, for example within the framework of a cover decision or consultations by the Presidency. If the Parties honestly examine why the MWP has stalled so far and how the deadlocks can be resolved, the role of the fossil fuel lobby (states and companies) must be raised, as must the sharp rise in subsidies for fossil fuels.

Another measure would be for the MWP to discuss the implementation of the mitigation elements of the GST, in particular the COP28 energy package (§ 18-42)<sup>19</sup>, at a technical level in order to counteract further politicisation and thus blocking of the MWP. However, it would be important that findings from the global dialogues, the investment-oriented events and the High-level Ministerial Round Table on pre-2030 Ambition are used to accelerate the financing and implementation of the GST’s mitigation measures. Any decisions in this regard could also be set out in a cover decision instead of an MWP decision.

### Necessary Expansion of Renewable Energy to Keep 1.5°C Threshold Within Reach



**Figure 4: Necessary Expansion of Renewable Energy to Keep 1.5°C Threshold Within Reach; Source: figure produced by Germanwatch based on data provided by the International Renewable Energy Agency.**

<sup>19</sup> 1/CMA.5 Outcome of the first global stocktake, FCCC/PA/CMA/2023/L.17



### 3.3 Just Transition Work Programme (JTWP)

#### What COP29 must deliver

**Make climate change mitigation socially just:** the Just Transition Work Programme launched in 2023 ought to lead the way for a socially just path to climate neutrality, yet it is making slow progress. We expect specific and binding agreements at the climate conference in Baku.

The UAE Just Transition Work Programme (JTWP), which was initiated at COP27 and launched at COP28, aims to address equity issues in the transition to a climate-neutral future. As part of the Paris Agreement, the work programme is of great importance to ensure that this transition is just and that vulnerable groups are not left behind.

The programme and the willingness of the Parties to actively participate in it are to be considered positive. However, little progress has been made so far. The JTWP must begin to discuss and decide on substantive elements at COP29, as it is to be reviewed by COP31.

Differences of opinion between the Parties indicate that they will be reluctant to make binding (financial) commitments. Despite efforts to share best practices, these have not yet sufficiently influenced the development of the programme, even within a non-binding framework.

Parties must recognise that a just transition encompasses various aspects, such as social protection, economic diversification, participatory justice and transitional safeguards. These elements have a significant impact on global transition efforts and are beneficial for all countries, both low-income and high-income. The discussions in Baku should focus on these common elements to avoid the JTWP ending with a weak decision or no decision at all.

## 4 Other, non-negotiated topics

### 4.1 Food systems

#### What COP29 must deliver

**Take food systems into account:** the way we produce, process and consume food is responsible for a third of global greenhouse gas emissions. Both the new climate finance goal and the nationally determined contributions must therefore also include this area. This is not only about climate change mitigation and the protection of species, but also about our food security.

Food systems are responsible for a third of global greenhouse gas emissions.<sup>20</sup> At the same time, climate change threatens food security of people worldwide through extreme weather events, crop failures and climate-induced migration. This is why decisions within UNFCCC must also serve to transform our food systems. The way we produce, process, distribute, market, consume and dispose of food worldwide should be devised to guarantee the right to adequate food for present and future generations, respect the Earth's ecological limits and promote human rights.

No significant progress is expected from the Sharm el-Sheikh Joint Work on Implementation of Climate Action on Agriculture and Food Security (SSJWA) at COP29. After a year and a half of tough negotiations, the international community agreed in Bonn in June 2024 on a joint roadmap until COP31. According to this, an online platform will be presented in Baku that provides information on projects, initiatives and strategies for the implementation of climate change mitigation measures for agriculture and food security.

However, food systems are also influenced by other UNFCCC negotiation processes. In 2023, the international community committed to establishing climate-resilient food systems as an adaptation measure by 2030 as part of the GGA. This provides an important starting point for future negotiations. Equally important is the reduction of emissions in food systems, which should be anchored in new NDCs.

A global agreement on financing the transformation of food systems would also be of crucial importance. In 2019 and 2020, only 4% of global climate finance has so far been channelled into the agriculture and food sector.<sup>21</sup> It would therefore be welcome if more funding were to be made available for emission reduction measures as well as for climate change adaptation and compensation for climate-related damage to food systems. Climate action, food security, conflict prevention and biodiversity conservation should be considered simultaneously. It is particularly important that smallholder farmers are given access to these funds.

In cooperation with the Food and Agriculture Organization, the incoming COP Presidency wants to coordinate various existing initiatives with the 'Harmoniya 4 Climate Resilience' initiative in order to harness synergies, identify gaps and initiate measures and investments for the establishment of climate-resilient agricultural and food systems.

As in the previous year, one of the day's themes will be dedicated to food, agriculture and water. Furthermore, we appreciate that the COP29 Presidency recognises the increased food insecurity in fragile, conflict-affected or near-conflict areas and wants to advocate for the urgently needed climate finance for resilient food systems in these areas.

<sup>20</sup> Crippa, M. et al., 2021, [Food systems are responsible for a third of global anthropogenic GHG emissions](#) (last accessed: 21.10.2024).

<sup>21</sup> Chiriac, D., Vishnumolakala, H., Rosane, P., 2023, [Landscape of Climate Finance for Agrifood Systems](#) (last accessed: 21.10.2024).

The food system approach enables measures to protect the climate, soil and biodiversity, global food security and health. This comprehensive approach is particularly significant in the context of this year's upcoming three Rio Conventions conferences.

## 4.2 Initiatives of the host country Azerbaijan

In addition to the formal negotiations at a COP, there are numerous other initiatives and activities. The incoming Azerbaijani COP Presidency has presented 14 initiatives 'to give everyone an opportunity to sign up, speak up and step up'. If well designed, contributions outside the negotiations can create some positive momentum. However, they often turn out to be mere acts of greenwashing that attract brief attention to the host without doing much for climate change mitigation and the people affected by the climate crisis. It is important to take a closer look at this.

One of Azerbaijan's initiatives is the Climate Finance Action Fund (CFAF). Azerbaijan originally planned to fill the fund through a levy on every unit of fossil fuel produced. However, this was quickly revised and turned into voluntary contributions. A significant mandatory levy on fossil fuels would be a relevant step, while a voluntary contribution would almost certainly remain mere window dressing.

The ALTERRA fund, which the UAE launched last year as a flagship project, is also a striking example of unmet expectations. So far, the investments have been channelled into high-income countries. One of the projects being implemented by Blackrock, which runs under ALTERRA, is even a fossil gas project.

And because there are already similar, far better legitimate funds, for example the official UNFCCC Loss and Damage Fund, it would make more sense to operationalise this one and develop a good financing strategy for it. A mandatory levy on every unit of fossil fuel produced would be a very welcome source of finance with a polluter-pays basis.

# Germanwatch

Following the motto of Observing. Analysing. Acting. Germanwatch has been actively promoting global equity and livelihood preservation since 1991. We focus on the politics and economics of the Global North and their world-wide consequences. The situation of marginalised people in the Global South is the starting point for our work. Together with our members and supporters, and with other actors in civil society, we strive to serve as a strong lobbying force for sustainable development. We aim at our goals by advocating for prevention of dangerous climate change and its negative impacts, for guaranteeing food security, and for corporate compliance with human rights standards.

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For Global Equity and the Preservation of Livelihoods.