

The fog of COP29 delivers a foggy climate goal

by Fiona Ryan

8 January 2025



Least Developed Countries and the Alliance Of Small Island States suspend COP29 negotiations on the New Quantitative Collective Goal

Photo Credit: [International Climate Action Network](#)

The 2024 United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties, known as COP29, in Baku, Azerbaijan, eventually came to an [agreement](#) on the quantum of climate finance for developing countries under the New Collective Quantified Goal (NCQG). It adopted a two-tier goal. Developing countries had called for amounts ranging from US\$1 trillion to US\$1.3 trillion but eventually settled for US\$300 billion annually by 2035 for an “inner” goal. Although the decision is worded in terms of funding from “a wide variety of sources”, the wording is similar to Article 9 of the Paris Agreement, indicating the goal should be met through public funds or financing directly mobilised by public funds.

Developed countries claimed [to have met the original goal](#) to provide US\$100 billion annually by 2022. Many independent commentators, including the [Center for Global Development](#) (CGD) and the [World Resources Institute](#), argue strongly that the quantity does not come close to meeting developing countries’ needs. CGD believes that if the original US\$100 billion goal had been adjusted for inflation, it would equal US\$220 billion in 2035, reducing the increase in the new goal to a far less impressive US\$80 billion.

The outer goal is for developed countries to provide US\$1.3 trillion annually by 2035 to developing countries. This differs from the US\$300 billion inner goal in that the funds are to come from “all sources”. Contributor countries advocated the idea of a multilayered goal to allow a greater focus on private sources, which they claimed could provide much greater volumes of finance. Currently, no monitoring or reporting system exists to report progress in achieving the outer goal. The means of implementation are to be further detailed by COP30 in Belem, Brazil, in 2025, with the Brazilian, Azerbaijani and UAE COP Presidencies promising to produce a “Baku to Belém Roadmap to 1.3T”.

Australia’s Minister for Climate Change and Energy, Chris Bowen, and Egyptian Minister Yasmine Fouad were appointed by the COP29 President as a Ministerial

Pair of the NCQG with the difficult task of facilitating a political agreement at COP29. The long, issue-filled negotiating text that emerged from the **three-year NCQG Technical Expert Dialogue (TED)** process made this task difficult and agreement was only reached after the deadline for negotiations was extended.

In new national-level climate finance commitments at COP29, Australia announced **A\$300 million** in guarantees for climate change lending in the Pacific by the Asian Development Bank. This involves no upfront payment and will not count towards the US\$300 billion goal under the current rules. In addition, Australia pledged A\$50 million to the new Fund for Responding to Loss and Damage and will most probably report this as adaptation funding, meaning it would count towards US\$300 billion goal. It also announced **A\$125 million** to support renewable energy in the Pacific.

The NCQG was meant to be based on the needs and priorities of developing countries. There have been many assessments that show the magnitude of the needs of developing countries. One of the most quoted is the UNFCCC **Standing Committee on Finance (SCF) needs assessment** of between US\$5.0 trillion and US\$6.8 trillion based on countries' Nationally Determined Contributions. However, there were no guidelines that standardised the reporting between countries and no recognised system of external evaluation. The Independent High-Level Expert Group report gave a figure of US\$1 trillion in 2030, with US\$500 billion for public finance and US\$500 billion for private finance, the overall total for 2035 being US\$1.3 trillion annually. The 2035 figure recommended by this "independent experts group" was very close to the final amount for the outer goal.

The NCQG agreement on the US\$300 billion inner goal was achieved due to the willingness of developing countries to drop contentious issues during the political segment of the negotiations.

Public finance dominates funding for adaptation and loss and damage. In contrast, private finance is more likely to **finance mitigation projects** such as renewable energy projects, which can provide a future income stream. Given their greater vulnerability to climate impacts, Least Developed Countries (LDCs) and Small Island Developing States (SIDS) had hoped for subgoals for adaptation and loss and damage. The sub-goals for adaptation and loss and damage were omitted and replaced by vague statements in the text that refer to a balance between mitigation and adaptation. Similarly, sub-goals setting minimum funding levels for LDCs and SIDS were also rejected. Of course, sub-goals benefit some developing countries while reducing funds available to others. This points to a lack of solidarity in the G77 and China group that **dashed the hopes of LDCs and SIDS**. The call in the final decision for a tripling of finance through multilateral climate funds such as the Green Climate Fund (GCF) and the Global Environment Facility (GEF) arguably creates a

sub-goal.

Significantly, funding for loss and damage is not eligible to be counted towards the new goal unless it is reported as mitigation or adaptation finance. While it is mentioned elsewhere in the decision text, only mitigation and adaptation are referred to in paragraph 8, which sets the basis for the US\$300 billion goal.

The disagreement between the **contributing countries and the G77 and China** over widening the contributor base was sidestepped by allowing voluntary contributions from developing countries to be counted towards the US\$300 billion goal.

Surprisingly, text counting all climate-related developing country contributions to MDBs toward achieving the US\$300 billion goal was adopted into the decision at the last minute, despite considerable **protestation by India**. Allowing voluntary contributions and climate-related contributions by developing countries to the MDBs to be attributed toward the goal is perhaps what Wopke Hoekstra, the European Union Commissioner for Climate Action, meant when he is reported to have claimed that COP29 had “an increased contributor base.”

Another contentious issue that was avoided was the definition of what constitutes climate finance. A so-called operational definition is found in the UNFCCC Standing Committee on Finance’s **1st Biennial Assessment and Overview of Climate Finance Flows** from 2014, which states that countries are free to choose any definition of climate finance. Developed countries adopted the OECD DAC Rio Marker approach, allowing for the rebadging of official development assistance (ODA) as climate finance, which has resulted in funding for other development priorities **being shifted towards climate finance**. Although parties seem loathe to mention the OECD, the rich countries’ club, in the NCQG context, the OECD DAC Rio Marker approach is what they refer to when they use the euphemism “operational definition”.

Accounting for contributions in proportion to their level of concessionality was also dropped. Even in our currently debt-stressed world, a market-rate loan can continue to be treated as equivalent to a grant or a highly concessional loan.

Questions still need to be answered concerning the accounting for the US\$300 billion goal, particularly if it will include more sources of private and other finance than the previous US\$100 billion goal. As for the US\$1.3 trillion goal, we need to wait for the 1.3T Roadmap for more details to emerge. Taking an optimistic perspective, **CGD** sees the 1.3T Roadmap process as an opportunity to re-engage on issues such as the balance between public and private finance, additionality, grant-equivalent accounting, and reporting frequency (preferably annual rather than biennial).

Author/s:

Fiona Ryan

Fiona Ryan is a climate, forests and development researcher and policy advisor based in Cairns. She was an accredited observer to five UNFCCC conferences and meetings between 2019 and 2024.

Link: <https://devpolicy.org/the-fog-of-cop29-delivers-a-foggy-climate-goal-20240108/>