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BAKU CLIMATE NEWS UPDATE

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G77 and China calls for Climate Finance in the trillions of USD

Baku, 18 Nov. (Hilary Kung) – At the joint plenary meetings of the Baku climate talks held on 13 Nov, developing countries led by **G77 and China** called on developed countries to significantly scale up the provision of climate finance, to be set in trillions of USD based on the evolving needs and priorities of developing countries, and also technology transfer and capacity building to enable ambitious and urgent climate action at the scale and speed required. This sentiment was echoed across the board by other sub-groups of the **G77 and China.** Developed countries on the other hand called for the broadening of the contributor base for climate finance, including from all sources and actors.

Ambassador Adonia Ayebare (Uganda) the G77 and China Chair, set out the group's expectation of the new collective quantified goal (NCQG) on finance and other key outcomes for COP29. He said that "Our multilateral climate processes must prioritize the needs of those affected, ensuring that adequate and accessible resources are available to address climate impacts efficiently during this critical decade. Increasing the ambition of climate commitments and accelerating their implementation is essential to keeping the 1.5°C scenario within reach. To achieve this, all Parties must have access to enabling conditions and means of implementation, particularly finance. "

On the NCQG, the G77/China Chair said, "Climate finance goal must be needs-based, addressing the trillions of dollars climate finance needs to meet global climate targets. As the 2023 Global Stocktake [GST] recognized, there is a close association between climate ambition and fiscal space. And so, the NCQG must stipulate finance counted towards the goal must be differentiated based on its cost, such as on a grant-equivalent basis. The NCQG needs to help unlock fiscal constraints, help accelerate implementation, and support climate ambition in the context of sustainable development and poverty eradication."

Specifically, the Group stated that "the NCQG must uphold the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC)" and "should establish operational features to give full effect to Articles 9(4) and 9(9) of the Paris Agreement [PA] in line with the needs and priorities of developing countries, including tailored features for Small Island Developing States (SIDS) and Least Developed Countries (LDCs) as set out in the PA."

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Third World Network is an independent non-profit international research and advocacy organization involved in bringing about a greater articulation of the needs, aspirations and rights of the peoples in the South and in promoting just, equitable and ecological development.

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"We must secure an outcome that enables the provision and mobilisation of finance for developing countries at the necessary scale and quality, while addressing the systemic dis-enablers of climate finance, including high cost of capital, limited fiscal space, and high transaction costs," said the Group. Elaborating further, the Group called out developed countries to "address dis-enablers, such as unilateral measures, transaction costs that are creating reverse flows from south to north. Effective engagement between Parties is essential to secure an outcome that leads to the provision and mobilization of finance at the necessary scale and quality."

On loss and damage, the Group recounted the significant strides made in recent years to build up the institutional architecture for loss and damage under the UNFCCC and PA and that addressing loss and damage remains a high priority. In Baku, the Group said the focus should now be on ensuring the full and effective implementation of the mandates and functions of the Warsaw International Mechanism (WIM), Santiago network on Loss and Damage (SNLD) and the Fund For Loss and Damage Fund (FRLD), with sufficient resources. It also highlights the need for coordination and complementarity between the WIM, SNLD and the FRLD in line with their respective mandates and governing bodies.

On the Global Goal on Adaptation (GGA), the Group stressed on "the urgent need to prioritise key areas of the GGA with a particular focus on providing additional guidance to the experts towards the refinement and development, of existing and new indicators to assess progress on each of the targets outlined in the UAE Framework for Global Climate Resilience in the context of Article 7.1 of the PA, as well as the inclusion of indicators on the means of implementation (MOI) provided by developed countries to developing countries in meeting their obligations under the UNFCCC and the PA."

It said that it is important to provide guidance in Baku to ensure that the work to develop adaptation relevant indicators commence right after COP 29. The outcomes of the experts' work should be submitted to the Subsidiary Body Chairs six weeks prior to SB 62 in June 2025. The Group also propose initiating discussions in Baku for a standalone agenda item on the GGA that extends beyond CMA 7 (beyond Brazil COP30).

On National Adaptation Plans (NAPs), the Group highlighted that, "Despite the progress some developing countries have achieved, many of our members continue to face significant financial, capacity and technical barriers. These barriers inhibit not only the formulation but, crucially, the implementation of their NAPs…We urge developed nations to go beyond the doubling of adaptation finance by 2025, recognising that this increase is a necessary step toward a balanced and comprehensive response to the global climate challenges."

The Chair stressed that the aim of the Technology Implementation Programme is to strengthen support for the implementation of technology priorities identified by developing countries, and to address the challenges identified in the first periodic assessment of the Technology Mechanism.

The Group highlighted that prioritizing adaptation from a just transition perspective is crucial for developing countries. "Without acknowledging and addressing the fiscal constraints, transboundary risks, interconnected systems and increasing costs of finance in particular of adaptation in developing countries we will not be able to achieve the just transition to achieve more resilient economies. This would require unlocking all means of international cooperation and restraining from unilateral measures that will exacerbate implementation gaps," explained the Chair further.

The Group reiterated that, "We confirm that the just transition aims at enabling developing countries to deliver on their highest ambition and unlock their potentials, and at the same time ensure that the envisaged transition is nationally owned and provides for the social and economic development goals, a model we have seen in several developed countries."

G77 and China also called out developed countries to "continue to lead in closing the mitigation implementation gap in accordance with Article 4 of the PA and accelerate efforts to reduce emissions in this critical decade."

On Response Measures, the spokesperson said the group remains firmly committed to working with partners to agree on a comprehensive, all-encompassing and thorough five-year workplan that addresses the pressing concerns of developing country Parties. The G77 and China called on Parties to give priority focus to climate action that has negative cross border impacts, especially on developing countries and our ability to address our socio-economic developmental goals.

China for **BASIC (Brazil, South Africa, Indian, and China)** also highlighted that the main outcome of COP29 will be to complete the deliberation of setting a NCQG on climate finance from developed to developing countries, as the key enabler for developing countries to communicate ambitious NDCs in 2025 and for enhanced climate implementation in this critical decade. It also said, "The new goal must respond to Article 9 of the PA. Climate finance means that developed countries must provide and mobilize resources to support climate action in the developing world." It also called out on attempts to dilute legal obligations or to weaken the responsibility to provide new and additional financial resources.

It also stressed the importance of adaptation and urged "developed countries to increase multi-fold their collective provision of climate finance for adaptation to developing country Parties from 2019 levels by 2024, with a transparent roadmap to a 50:50 allocation of the NCQG on mitigation and adaptation".

China also expressed deep concerns with the "trends towards unilateralism, trade protectionism and fragmentation of international cooperation that jeopardizes trust and, consequently, ambitious climate action". It also reiterated that, "…measures taken to address climate change, including unilateral measures, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade, and urge the international community to cooperate in a united front to combat climate change. We resolve to work together to ensure that developing countries are not adversely impacted by these unilateral measures that undermine multilateralism and threaten sustainable development."

It then said that "BASIC notes the leadership void left by developed countries. This void only reinforces the urgency of strengthening multilateralism, and of delivering obligations under the UNFCCC and its PA."

Saudi Arabia speaking for **Arab Group** also commented on NCQG and recalled Article 9 of the PA on the responsibility of developed countries to provide financial support to developing countries, adding that that it is unfortunate to see attempts to weaken and stay away from commitment and pledges.

Kenya for the **African Group** said "COP29 is being referred to as the 'Finance COP', and we need to deliver that. The African Group calls for an ambitious, time-bound finance goal that aligns with the needs of developing nations. Our call is clear: the NCQG must establish a core public finance target grounded in equitable burden-sharing by developed countries alongside a mobilisation target that addresses adaptation, loss and damage, and mitigation. To truly bridge the adaptation finance gap, we must see a commitment to accessible, affordable financing—critical for African countries facing high debt and capital costs. COP29 should deliver an outcome that brings back faith in our process, nothing the previous decisions on the shortfalls of climate finance."

Bolivia for the **Like-Minded Developing Countries (LMDC)** said that "the time has arrived for us to ensure that implementation of climate action in developing countries is supported by an ambitious climate finance goal. Not an investment goal, not a multi-layered goal, not something that is pledged and forgotten and not an untraceable goal either. It must be a cyclical goal whose quantum responds to the needs of developing countries and whose delivery can be tracked. Approval of this goal is the only hope for the lives of millions of people in our parts of the world." Commenting further, it said it will not entertain any attempts to renegotiate the PA, or talk about layers and investment goals, etc. Public finance is central to the NCQG.

The LMDC outlined some examples of the shifting of goalposts and that implementation of commitments is a sorry state of affairs. It said, "Only 58 developing countries have formulated NAPs so far and CMA 5 has called on Parties to have their NAPs, policies and planning processes by

2025. In the technology reports we find the number of Green Climate readiness projects supported through the Climate Technology Centre and Network (CTCN) has decreased dramatically in the past few years and there's even no new projects that have been approved nor implemented in 2024. The CTCN continues to face severe challenges due to limited funding, which restricts its ability to address the increasing number of technical assistance requests.

On mitigation, it said the Convention and its PA are clear on who must take the lead on mitigation, but we have not seen this leadership forthcoming from our partners and called out developed countries for their failure to achieve the target of 25-40 percent emissions reduction by 2020 over 1990 levels. "This was also a target by the IPCC. Such selective amnesia does not serve the process. It is because of their failure that we need finance," said Bolivia further.

Malawi for the **Least developed Countries (LDCs)** noted that access to climate finance remains a particular challenge for the LDCs and therefore the NCQG must give confidence to countries to enhance climate ambition and support implementation of NDCs, NAPs and long-term strategies. Further, it also said that GGA remains a high priority for the LDC group. After successfully establishing the UAE Framework for Global Climate Resilience, it expects the UAE- Belem Work programme to deliver comprehensive indicators by COP30. Hence, the group said it is imperative to reach an agreement on the modalities that can allow the immediate start of this work post-COP29.

Peru for the **Independent Alliance of Latin American and Caribbean countries (AILAC)** said that the NCQG was established to support developing countries. It further stressed that the NCQG is obligation under the convention and PA. It said that it was troubled by proposals that seek to [facilitate] North-North flows and domestic flows under the term global goal on investment. "This weakens the purpose of NCQG and downplays the role of developing countries on delivering the goal of the PA" it added further. It is also alarmed by certain developed counties shifting the burden to private sector but private sector is only serving for their private objective and not the PA objectives, adding that this is unacceptable as private financing will increase the cost of financing, make it less predictable and decouple from the needs and priorities of developing countries. It called for the NCQG to focus exclusively on developed countries providing the additional amount in trillions of dollars with emphasis on international public financing (which must be highly grants and not loans). It said addressing climate crisis should not trigger debt crisis and that the current international financial architecture penalises ambition.

Brazil for **Group SUR (Brazil, Ecuador, Paraguay, and Uruguay)** said one core elements for NCQG is the need for transparency and there is a need to be crystal clear on what climate financing is and is not; otherwise tracking of climate financing is not possible.

Samoa for the **Alliance of Small Island States (AOSIS)** said on the NCQG, it rejects any notion of expanding the contributor base which is not in full faith towards achieving the goal of the PA.

Australia for the **UMBRELLA group** said, "The NCQG on climate finance must chart a new path forward on climate finance, consistent with Article 9, respond to the needs of developing countries and support delivery of the PA. It is critical we decide this goal here in Baku." Further, it said that the "The Umbrella Group's view is that the NCQG must be multi-layered, speaking both to the trillions of investments required from all relevant sources to respond to the climate crisis, and the billions from, and mobilised, by public sources for ambitious action in developing countries. The support layer is the core of the NCQG."

Elaborating further on expanding the contributor base, it said that "countries who already provide climate finance commit to continuing to do so. Countries who have the capacity to do so, must step up to contribute. Finally, the NCQG must be underpinned by a robust suite of qualitative elements, including on access, debt sustainability, policies and incentives, and more to provide a roadmap for scaling-up investments in climate action and to support those most in need."

Hungary for the **European Union (EU)** said, "In Baku, we need to achieve an ambitious outcome on the NCQG by agreeing on the overall scale of the quantum, ensuring that the group of contributors is broadened including to those Parties that are capable to do so and the collective responsibility to contribute reflecting global solidarity, making sure that the finance flows to those who are most vulnerable, while driving the mobilization of finance at scale towards the PA objectives." It said further that "while we attach great importance to the public core of the new goal, public resources alone will not suffice. We need to make sure we send a strong signal for a major shift of the global economy, the international financial architecture, financial markets, and investments, mainstreaming climate change into economic and financial decisions domestically and globally, as well as into national budgets and the development finance system."

South Korea for the **Environmental Integrity Group (EIG)** also commented on the NCQG and said that, there is need for a solution on the contributor base which supports the achievement and transparency of the goal while recognizing that developed country Parties should take the lead without changing the obligation under the PA. The goal must speak to all actors and sources including those outside of the UNFCCC regime to achieve global transformation. It added further that we are ready to agree on ambition, and there is need to foster global investments and set the right policy incentives in a nationally determined manner to push and pull capital in sector and geographics where it is most needed.