Is my Crystal Ball Better than Yours?

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HansUlrich Seidt

The Difficult Questions About Money at COP29

During this November, the COP29 of the UNFCCC took place in Baku, Azerbaijan. The UNFCCC is the main international and legally binding treaty of the UN that focuses on global warming and the impacts of the climate crisis. During COP21 in Paris (2015) the well-known Paris Climate agreement was negotiated, in which states agreed to limit global warming to 1.5°C. During the yearly COP (Conference of Parties) all UN member states come together to assess the current state of the climate crisis and to negotiate the necessary steps to stay on track to keep global warming to acceptable limits.

The thematic focus of this year's COP29 was on climate finance, more specifically the NCQG (New Collective Quantified Goal). Especially developing countries are adamant that developed countries need to provide more financial assistance, if they expect the developing countries to implement measures to mitigate climate change. The prevailing logic is that industrialized nations have caused climate change and should therefore pay their fair share to support countries who did not contribute to it but are suffering under the consequences of climate change today. To this end, developing countries demanded that under the NCQG, developed countries should provide 1.3 trillion USD from public and private sources yearly until 2035. While most developed countries agree that they need to support developing countries in their fight against climate change, two fundamental issues made negotiations for the NCQG very difficult.

The first issue was the incredibly high sum that developing countries demanded. The sum of 1.3 trillion USD yearly was regarded as unrealistic before the start of the negotiations. At a time when Donald Trump has just been elected to the White House and Europe is facing sustained low economic growth, nobody in developed countries believed that it would be possible, or desirable to raise 1.3 trillion USD dollar yearly, even when combining public and private sources.

The second, and arguably more controversial issue, was the donor base that should provide the climate finance. As already mentioned, the current donor base focuses on developed countries. This idea makes sense, considering that the developed countries generally have the strongest industrial and financial sectors and can thus provide the necessary finance. However, under the current classification, some important CO2 emitting countries with strong economies are not included in the donor base. Most notably, countries such as China, Saudi-Arabia, the Gulf States and Russia are not included in the donor base.

Considering that China has now historically emitted more Co2 than the EU and that Saudi Arabia, just as other gulf states, has grown incredibly rich by selling and burning fossil fuels, western states have said that they are no longer willing to abide by such a screwed logic.

At the end of COP29, more than 24 hours after the COP should have originally ended, and with multiple delegations walking out in protest, states agreed on an NCQG that covers 300 billion USD yearly until 2035.

While this result is considered to be better than no result by many observers, it clearly fell short of the already low expectations. The official donor base was not widened to include relevant states, such as Saudi-Arabia or China and there was no mention of any new targets on Co2 reduction. Furthermore, a passage on transitioning away from fossil fuels that was celebrated as a breakthrough at COP28 was not included in the final document after fierce resistance from Saudi-Arabia, which is a clear setback. After the negotiations, delegations heavily criticized Azerbaijan and Saudi-Arabia for their unwillingness to facilitate constructive negotiations and relatively obvious intentions to stall, or even reverse, the progress in the fight against climate change.

Now eyes are set on the next COP30, which will take place in Brazil. It remains to be seen, whether the COP format can withstand the increasing geopolitical fragmentation and conflict that threatens to paralyze the international fight against climate change.

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