

CMI COP29 Priorities & Calls to Action

November 2024

Throughout COP29 in Baku, CMI will track engagement with key themes as they emerge. Below are our key priorities and calls to action for the international negotiations, and for Australia.

COP29 priorities	CMI's calls for action in support of ambitious COP29 outcomes
<p>1) Setting a robust and achievable global climate finance goal</p> <p>This year, Parties are due to establish a New Collective Quantified Goal on Climate Finance (NCQG) for the post-2025 period, replacing the USD100 billion annual target agreed upon in 2009. In essence, this new goal should reflect the needs and priorities of developing countries. Negotiations on a new quantum are now in their third year and Chris Bowen, Australia's Minister for Climate Change & Energy has been appointed to facilitate the political agreement alongside Egyptian Minister, Yasmine Fouad.</p>	<p>Quantitative elements of the NCQG:</p> <ul style="list-style-type: none"> • Annual goal: Establishing an adaptable climate finance target that reflects the evolving needs and priorities of developing countries. The quantum remains divisive with calls ranging from US\$500 billion to \$1 trillion annually. • Thematic focus: Ensuring a balanced allocation for mitigation and adaptation finance while recognising the specific needs of LDCs and SIDS to respond to loss and damage and resilience building. <p>Qualitative elements of the NCQG:</p>

<p>There have been mixed results on whether the USD100 billion target has been met annually since 2020. The OECD’s Climate Finance Provided and Mobilised by Developed Countries in 2013-2022 report indicates that the target was reached in 2022, with USD115.9 billion mobilised – two years later than initially planned.</p> <p>However, the report also highlights critical concerns: a significant portion of the finance was delivered as loans rather than grants; disproportionately allocated to middle-income developing countries instead of least developed nations; and was primarily directed toward mitigation rather than adaptation efforts.</p> <p>At COP29, the qualitative and quantitative elements of the NCQG will need to be clearly defined to address the climate finance needs of developing countries, especially those of Least Developed Countries (LDCs) and Small Island Developing States (SIDS) that are most vulnerable to climate impacts and have significant capacity constraints.</p> <p>The current options deliberated by Parties for those elements are detailed in a draft negotiating text prepared by an Ad-Hoc Work Programme on the NCQG co-chaired by Australia and the UAE, which will guide discussions at COP29.</p>	<ul style="list-style-type: none"> • Sources: The NCQG should be mobilised from a wide range of sources, including public finance, private capital and innovative financial instruments. • Instruments for adaptation: Prioritising public and grant-based funding for adaptation and loss and damage responses. • Recipients: Improving the efficiency and effectiveness of LDCs and SIDS in accessing climate finance through equitable distribution methods, potentially allocating specific funding amounts to address their unique challenges. • Access: Simplifying finance access by streamlining application, approval and distribution processes, prioritising direct access channels and enhancing institutional capacity within recipient countries. • Transparency: Building on the lessons from the USD100 billion target by instituting standard reporting and regular reviews to ensure contributor accountability. • Reform: Restructuring of Multilateral Development Banks (MDBs) to expand climate finance across sources while considering the long-term debt sustainability of developing countries. • Review: Periodic reviews of the NCQG to ensure responsiveness to the evolving priorities and climate resilience needs of developing countries with built-in flexibility for timely adjustments.
<p>2) A clear path for operationalisation and readiness of Article 6</p> <p>While the rulebook for voluntary cooperation under Article 6 of the Paris Agreement was finalised at COP26, COP28 formal negotiations hit unmoveable roadblocks and the full operationalisation of Article 6 market mechanisms remains challenging due to unresolved technical and procedural issues.</p> <p>Article 6.2, which governs cooperative approaches, is in operation. However, divergent views persist among Parties regarding the scope, content, format, and process of authorisations:</p> <ul style="list-style-type: none"> • Scope – Should authorisation cover the cooperative approach, the use of ITMOs or specific entities? • Content & format – Should authorisation be standardised using a (a) mandatory form, (b) optional form, or (c) no form at all? 	<p>Article 6.2:</p> <ul style="list-style-type: none"> • Parties should agree on a streamlined process for issuing authorisations, including standardised templates and procedures to enhance transparency, integrity, and reduce administrative burdens of participating Parties. • Clear rules for revocation of authorisations should be established to minimise market uncertainties and double counting risks. Changes to authorisations should only occur under rare, mutually agreed circumstances to maintain investor confidence and trust. • Detailed guidance is needed on the functionalities of international registry and its connection with participating country registries and the Article 6.4 mechanism registry to enable the tracking of transactions. • The Agreed Electronic Format (AEF) and other relevant forms should be completed and finalised to guide the preparation and submission of initial reports, annual information, and regular information.



<ul style="list-style-type: none"> • Process – Should authorisations be provided in a single process or at different times of the process? If so, how should they be sequenced? <p>For Article 6.4, the operationalisation of the Paris Agreement crediting mechanism has been delayed for years due to the lack of finalised methodological guidance and the infrastructure needed for a centralised registry.</p> <p>Additionally, both Articles 6.2 and 6.4 require further clarification on cross-cutting issues such as the revocation of authorisations and the functionality of different registries:</p> <ul style="list-style-type: none"> • Revocation – Should the authorisation of ITMOs and A6.4ERs be revocable by the host Party? If yes, under what conditions? • Registries – Can the Article 6.2 international registry facilitate ITMO transactions or merely support the “pulling and viewing” of information? What linkages should exist between the Article 6.2 international registry and the Article 6.4 mechanism registry? Can the Article 6.4 mechanism registry connect with participating Party registries, and if so, for what purposes? <p>With political pressure high, COP29 presents a critical opportunity for Parties to resolve these issues. Encouragingly, recent signals of flexibility from key negotiating Parties, including the EU and the US, offer hope for progress toward the operationalisation of Article 6 mechanisms.</p>	<ul style="list-style-type: none"> • Capacity building support should be strengthened for countries aiming to participate in voluntary cooperation. This should include UNFCCC-coordinated project development and implementation to facilitate ‘learning by doing’. Australia needs to unlock its Indo Pacific Carbon Offsetting Scheme funding to support capacity building and pilot projects in the Pacific region. <p>Article 6.4:</p> <ul style="list-style-type: none"> • CMI acknowledges the significant progress made by the Article 6.4 Supervisory Body ahead of COP29, particularly in adopting key elements that are crucial for operationalising the Paris Agreement crediting mechanism, including: <ul style="list-style-type: none"> ○ An appeal and grievance procedure to address stakeholder concerns; ○ The Article 6.4 sustainable development tool to safeguard social and environmental integrity; ○ A standard on methodology requirements for developing and assessing projects under the mechanism; ○ A standard on activities involving removals that establishes rules for projects that remove greenhouse gases from the atmosphere. • While the adoption of the methodological standards has deviated from the usual procedure of seeking CMA consensus, Parties are encouraged to endorse the Supervisory Body’s decisions to ensure timely implementation of the Paris Agreement crediting mechanism and enable the registration of Article 6.4 activities.
<p>3) Early and ambitious NDCs 3.0 as a course correction on GST outcomes</p> <p>The Paris Agreement’s ratchet mechanism requires countries to submit increasingly ambitious nationally determined contributions (NDCs) every five years, with each submission designed to progressively strengthen global climate action to align with the 1.5°C goal. The first Global Stocktake (GST), completed at COP28, revealed that current NDCs are highly insufficient, potentially leading to 2.1–2.8°C of global warming.</p> <p>To keep the average temperature rise within the 1.5°C limit, the UNEP Emissions Gap Report 2024 indicates that a 42% reduction in global greenhouse gas emissions by 2030 - compared to 2019 – is essential and 57% by 2035.</p>	<p>With COP29 being the final summit before the NDCs 3.0 deadline, it represents a critical opportunity for developed nations and major emitters to reaffirm their climate commitments and extend support to developing countries.</p> <p>The COP Presidencies Troika are likewise urged to demonstrate leadership aligned with their stated ambition by launching the Roadmap to Mission 1.5°C, which commits to enhanced NDCs.3.0 to keep the Paris Agreement’s goals within reach. CMI’s calls for action include:</p>



<p>As countries prepare to submit their NDCs 3.0 by February 2025, they should take into account the comprehensive GST findings and align their national contributions with the 1.5°C goal agreed under the Paris Agreement.</p> <p>This alignment includes responding to the UNFCCC’s urgent call for setting economy-wide emissions reduction targets covering all sectors and greenhouse gases, while joining global efforts to triple renewable energy capacity, double energy efficiency, and transition away from fossil fuel-based energy systems.</p> <p>At COP29, Parties are also tasked with initiating the United Arab Emirates (UAE) Dialogue to implement the GST findings and ensure future climate action aligns with its outcomes.</p> <p>While some developing countries have called for the UAE Dialogue to focus solely on climate finance, its scope should comprehensively address all thematic areas of the GST, including scaling up mitigation, adaptation, and means of implementation and support.</p>	<ul style="list-style-type: none"> • Implementing the GST outcomes to realign with the 1.5°C goal, including transitioning energy systems away from fossil fuels, tripling renewable energy capacity globally, and doubling the global rate of energy efficiency by 2030, as specified in Paragraph 28 of the GST outcomes. • Supporting the COP Presidency’s call for science-backed NDCs well ahead of the 10 February 2025 deadline. • Committing to addressing both mitigation and just transition alongside integrating non-CO2 emissions in NDCs 3.0, covering activities such as agriculture, waste and methane emissions. • Responding to the Global Stocktake, all parties need to formulate National Adaptation Plans, policies and planning processes by 2025 to achieve implementation progress by 2030, with developed nations being called upon to significantly advance toward doubling adaptation finance by 2025. • Deliver First Biennial Transparency Reports (BTRs) by no later than 31 December 2024 as part of the Enhanced Transparency Framework (ETF).
<p>4) Scaling up action and support for climate adaptation and loss and damage</p> <p>Article 7 of the Paris Agreement establishes the global goal on adaptation (GGA), which aims to enhance adaptive capacities, strengthen resilience, and reduce vulnerability to climate change.</p> <p>Developing countries disproportionately affected by climate change have long advocated for elevating the importance of adaptation efforts in global climate governance.</p> <p>For adaptation, a significant gap remains in meeting the goal of doubling adaptation finance by 2025. Demonstrating progress toward this goal at COP29 is critical to redressing the current imbalance in financial resources being concentrated on mitigation projects.</p>	<p>CMI’s calls for action include:</p> <ul style="list-style-type: none"> • A balanced approach to both mitigation and adaptation in climate action and finance. • Urgent response to the COP Presidency’s call to assess progress on the target of doubling adaptation finance by 2025. • Creation of sub-goals within the NCQG for adaptation finance and loss and damage. • Improvements to financing mechanisms to enable timely access for developing countries to receive adequate support on adaptation and loss and damage. • New pledges are needed to enhance adaptation efforts and the full operationalisation of the Loss and Damage Fund to prioritise disbursements to vulnerable countries, especially SIDS and LDCs.



COP29 will also review the progress made under the **UAE-Belem work programme** to develop indicators and methodologies for measuring the targets outlined in the **UAE Framework for Global Climate Resilience**.

On **loss and damage**, there is a strong expectation that COP29 will operationalise the new Loss and Damage Fund, following the establishment of its governance structure and the World Bank as its interim secretariat.

- **Expanding private sector engagement and leveraging market and non-market mechanisms** in adaptation finance and resilience building efforts to advance the GGA.

