

COP29: A CRITICAL MILESTONE IN GLOBAL CLIMATE ACTION

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(Views expressed in the brief are those of the author, and do not represent those of ISSI)



The 29th United Nations Climate Change Conference (COP29), held in Baku, Azerbaijan, from November 11 to 22, 2024, represented a pivotal moment in the global fight against climate change.¹ The conference tackled critical issues of climate finance, adaptation, mitigation, and operationalizing mechanisms under the Paris Agreement. While COP29 achieved modest progress, it also highlighted deep divisions between developed and developing nations.

Climate Finance Outcomes at COP29

A major highlight of COP29 was the agreement to mobilize \$300 billion annually by 2035 to assist developing nations in addressing the impacts of climate change and transitioning to low-carbon economies. This commitment marked a significant increase from the unfulfilled \$100 billion annual goal set in 2009. However, it fell far short of the \$1.3 trillion annual requirement estimated by experts, underscoring the limitations of the pledge.² The new financing approach heavily emphasized blending public funds with private investments, an effort to amplify available resources.

1 "UN Climate Change Conference Baku - November 2024," UNCC, Accessed on December 2, 2024, <https://unfccc.int/cop29>

2 "COP29 ends with compromise on climate financing," WMO, November 25, 2024, <https://wmo.int/media/news/cop29-ends-compromise-climate-financing#:~:text=After%20two%20weeks%20of%20intense,least%20%241.3%20trillion%20by%202035%E2%80%9D>.

Proposed mechanisms like debt-for-nature swaps sought to redirect debt repayments toward environmental initiatives, providing a creative but partial solution to resource constraints.³

International financial institutions played a critical role at COP29, with multilateral development banks committing \$120 billion annually for low- and middle-income countries. The Asian Development Bank announced a \$7.2 billion adaptation program focused on combating glacial melting in Central Asia, while non-profit organizations such as Acumen pledged significant investments in agricultural adaptation across Africa, Asia, and Latin America. Notably, the Association of Banks of Azerbaijan contributed \$1.2 billion to support its national low-carbon transition.⁴

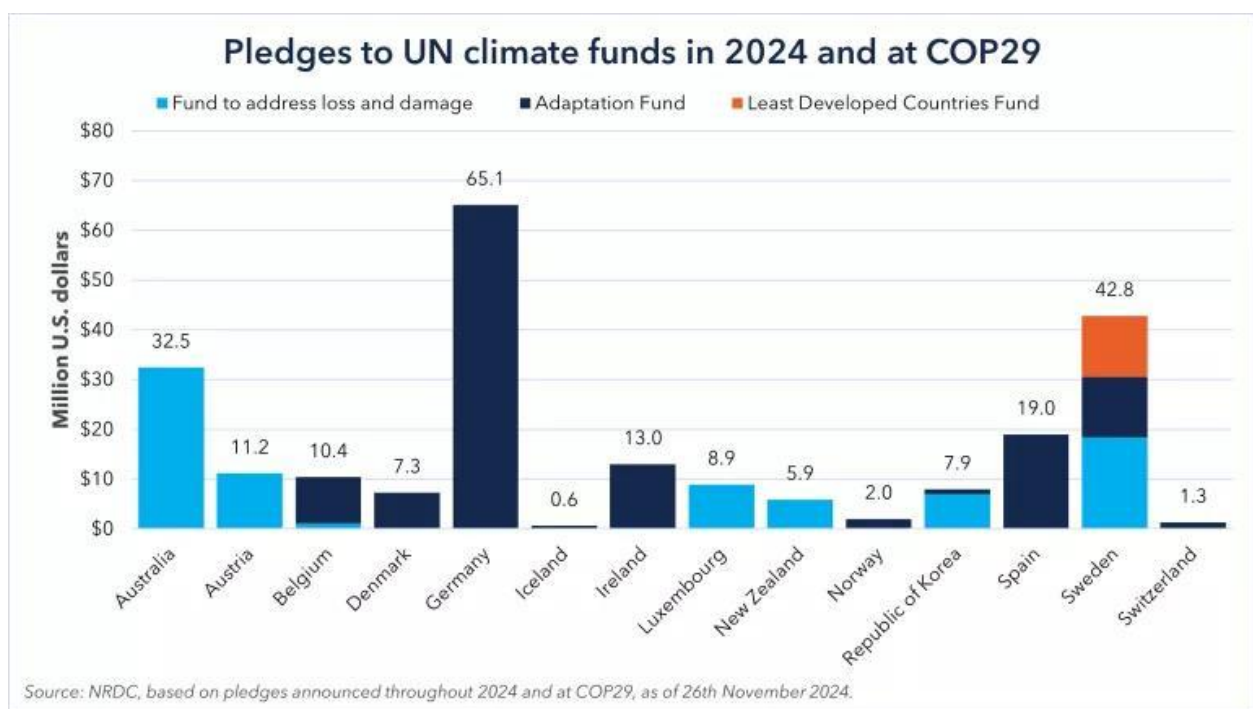


Figure 1: Pledges to UN Climate Funds⁵

Another key achievement was the finalization of the framework for international carbon credit trading under Article 6.4 of the Paris Agreement. This UN-backed mechanism is expected to incentivize emission reductions by providing a structured platform for carbon credit trading,

³ Ruth Townend, “What is COP29 and why is it important?” Chatham House, November 14, 2024, <https://www.chathamhouse.org/2024/10/what-cop29-and-why-it-important>

⁴ “COP29 climate talks: What finance deals have been announced?” Reuters, November 14, 2024, https://www.reuters.com/sustainability/sustainable-finance-reporting/finance-business-deals-announced-cop29-climate-talks-2024-11-13/?utm_source=chatgpt.com

⁵ Joe Thwaites, “Climate Funds Pledge Tracker,” NRDC, November 26, 2024, <https://www.nrdc.org/bio/joe-thwaites/cop-28-climate-fund-pledge-tracker>

potentially unlocking billions of dollars in investments for renewable energy and reforestation projects. Safeguards were included to ensure environmental integrity and protect Indigenous Peoples' rights, reflecting the global consensus on maintaining ethical standards in climate action.⁶

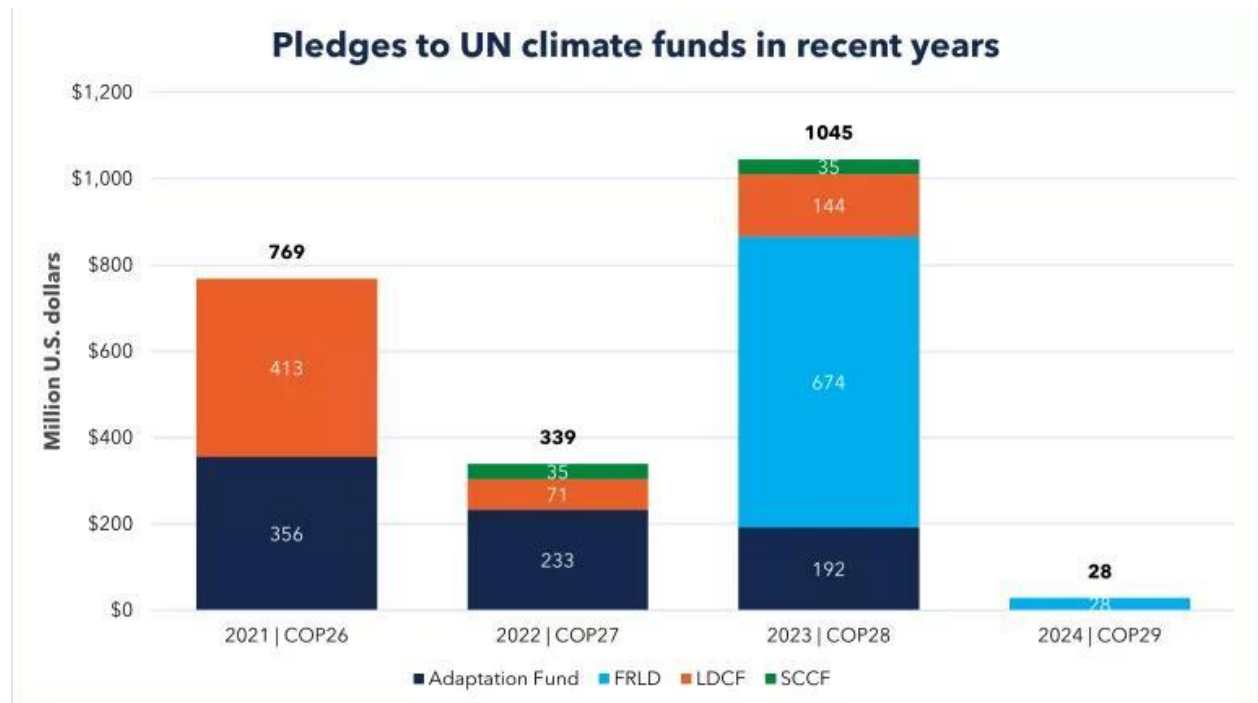


Figure 2: Pledges to UN Climate Funds in recent years⁷

Contentious Issues and Challenges

Despite these notable outcomes, COP29 was marred by criticism over inadequate financial commitments. Developing nations, led by the G77 and China, had called for \$1.3 trillion annually to meet their adaptation and mitigation needs. Instead, the eventual agreement's reliance on loans and private investments raised concerns about deepening debt burdens for already vulnerable economies. Many countries criticized the lack of adherence to the principle of 'Common but

⁶ Lucia Vasquez Tumi, "COP29 UN Climate Conference Agrees to Triple Finance to Developing Countries, Protecting Lives and Livelihoods," UNCC, November 24, 2024, <https://unfccc.int/news/cop29-un-climate-conference-agrees-to-triple-finance-to-developing-countries-protecting-lives-and>

⁷ Joe Thwaites, "Climate Funds Pledge Tracker," NRDC, November 26, 2024, <https://www.nrdc.org/bio/joe-thwaites/cop-28-climate-fund-pledge-tracker>

Differentiated Responsibilities' (CBDR), which holds developed nations historically responsible for climate change and, therefore, more accountable for financing solutions.⁸

Tensions also flared over the role of emerging economies like China and Gulf Cooperation Council countries. While the agreement encouraged voluntary contributions from these nations, it fell short of mandating their financial participation. The exclusion of enforceable commitments for these high-resource economies further fuelled scepticism among developing countries about the equity of the proposed solutions.⁹

The procedural aspects of the conference also attracted scrutiny, with accusations of last-minute manoeuvring and opaque practices undermining trust among participants. The re-election of Donald Trump, who had previously rolled back U.S. climate commitments, loomed over the proceedings, prompting defensive postures among negotiators.¹⁰

Implications for Pakistan

For Pakistan, COP29's outcomes signal both a warning and a call to action. As one of the most climate-vulnerable countries, Pakistan faces severe challenges, including catastrophic floods, water scarcity, and extreme heatwaves. These impacts disproportionately affect marginalized communities, underlining the urgency for robust climate action.¹¹

On November 14, 2024, Pakistan unveiled its first-ever National Climate Finance Strategy (NCFS) at the Pakistan Pavilion during COP29. The NCFS marks a significant milestone in the country's efforts to address its climate vulnerabilities by mobilizing financial resources for climate mitigation and adaptation. It aims to close a daunting \$348 billion climate finance gap by 2030. The NCFS aims to

⁸ Aruna Chandrasekhar, Et al., "COP29: Key outcomes agreed at the UN climate talks in Baku," Carbon Brief, November 24, 2024, <https://www.carbonbrief.org/cop29-key-outcomes-agreed-at-the-un-climate-talks-in-baku/>

⁹ "COP29 Bulletin Day 9: Developing nations deride "\$200bn" finance rumour," Climate Home News, November 20, 2024, <https://www.climatechangenews.com/2024/11/20/cop29-bulletin-day-9-developing-nations-draw-super-red-line-on-climate-finance-goal/>

¹⁰ Matt McGrath, "Huge deal struck but is it enough? 5 takeaways from a dramatic COP29," BBC, November 24, 2024, <https://www.bbc.com/news/articles/cp35rrvv2dpo>

¹¹ Saima William, "COP29 or FLOP29? A perspective from Pakistan," UCA News, November 28, 2024, <https://www.ucanews.com/news/cop29-or-flop29-a-perspective-from-pakistan/107137>

enhance domestic financial systems by building on existing policies and aligning them with the country's emission reduction targets.¹²

Despite active participation in global climate discussions, Pakistan's domestic policies remain insufficient to meet its climate adaptation and mitigation needs. Its Nationally Determined Contributions (NDCs) remain at a distance from aligning with the ambitious goals of the Paris Agreement, and climate adaptation strategies have yet to be integrated effectively into key sectors like agriculture, water management, and public health.¹³

The country's financial constraints exacerbate these challenges, limiting its capacity to implement resilience measures. While international climate finance is vital, Pakistan must explore innovative domestic solutions such as green bonds and public-private partnerships.¹⁴ The equitable allocation of the \$300 billion annual climate finance pledged at COP29 will be essential for ensuring that vulnerable countries like Pakistan receive adequate support.

To strengthen its climate resilience further, Pakistan must also prioritize proactive risk reduction measures. These include introducing drought-resistant crops, enhancing irrigation efficiency, and deploying advanced early warning systems for extreme weather. Investments in climate-smart technologies, coupled with capacity building and regional cooperation, are also critical for addressing cross-border risks such as water scarcity and flooding.¹⁵

Political will remains the most vital factor in Pakistan's climate roadmap. Climate action must be fully integrated into national development strategies, with transparent governance and regular monitoring to ensure effective implementation. Failure to act decisively risks leaving Pakistan increasingly vulnerable to the devastating impacts of climate change.¹⁶

¹² "Pakistan unveils first climate finance strategy to mobilise funds for national climate action," APP, November 14, 2024, <https://www.app.com.pk/global/pakistan-unveils-first-climate-finance-strategy-to-mobilise-funds-for-national-climate-action/>

¹³ Dr Khalid Waleed, "Navigating the climate debt trap," The News, December 2, 2024, <https://www.thenews.com.pk/magazine/money-matters/1257030-navigating-the-climate-debt-trap>

¹⁴ Kirthisri Rajatha Wijeweera, Hamid Rashid, "Greening the Financial System of Pakistan," UNDP, Accessed on December 2, 2024, https://www.undp.org/sites/g/files/zskgke326/files/2023-08/policy_brief_-_greening_the_financial_system_of_pakistan.pdf

¹⁵ "National Adaptation Plan Pakistan 2023," NDMA, Accessed on December 2, 2024, <https://www.ndma.gov.pk/storage/plans/July2024/qkng0sNom2LgAJqJ3Qy4.pdf>

¹⁶ "Pakistan unveils National Climate Finance Strategy on sidelines of COP29," Dawn, November 14, 2024, <https://www.dawn.com/news/1872367>

Looking Ahead

COP29 underscored the incremental progress and persistent challenges in global climate negotiations. While the \$300 billion annual pledge marked a step forward, it highlighted the gap between ambition and action, particularly for developing nations. The operationalization of international carbon markets under Article 6.4 represents a significant development, offering a pathway for increased international cooperation. However, deep-seated divisions between developed and developing countries over financial responsibilities and historical accountability remain unresolved.¹⁷

As nations prepare for COP30 in Belém, Brazil, critical unresolved issues will return to the forefront. These include establishing clear mechanisms for mobilizing the \$1.3 trillion annual target, addressing bureaucratic delays in fund disbursement, and increasing transparency in financial flows. Additionally, there is an urgent need to enhance solidarity measures, such as levies on fossil fuels and frequent flyer taxes, to supplement public and private finance.¹⁸

Conclusion

COP29 laid a foundation for future progress but also highlighted the limitations of the current global climate framework. The conference reinforced the importance of collaborative action, innovative funding mechanisms, and an unwavering commitment to limiting global temperature rise to 1.5°C. For vulnerable nations like Pakistan, the outcomes of COP29 emphasize the necessity of aligning domestic policies with international goals and leveraging available resources to build resilience. As the world prepares for COP30, the urgency of decisive, inclusive, and equitable climate action has never been clearer. The stakes are high, and the path forward demands a unified effort to address the escalating challenges of climate change and secure a sustainable future for all.

¹⁷ Victoria Seabrook, "COP29 strikes last ditch deal on funding for climate measures in vulnerable countries," Sky News, November 24, 2024, <https://news.sky.com/story/cop29-strikes-last-ditch-deal-on-funding-for-climate-measures-in-vulnerable-countries-13259529>

¹⁸ Jacqueline Peel, "From a US\$300 billion climate finance deal to global carbon trading, here's what was – and wasn't – achieved at the COP29 climate talks," The Conversation, November 24, 2024, <https://theconversation.com/from-a-us-300-billion-climate-finance-deal-to-global-carbon-trading-heres-what-was-and-wasnt-achieved-at-the-cop29-climate-talks-243697>