COP29 delivers some critical progress on climate finance but falls short on shift away from fossil fuels

BAKU, AZERBAIJAN, November 25, 2024 /EINPresswire.com/ -- Climate negotiations in Baku, Azerbaijan stretched into the small hours of Sunday as countries debated the scope of the financial package and the inclusion of language addressing the transition away from coal, oil, and gas.

The Baku to Belem Roadmap saw the adoption of a $300 billion climate finance commitment and a call for a $1.3 trillion target by 2035, from all public and private sources, marking progress under the Paris Agreement and signalling the scaling of resources for developing nations.

However, efforts elsewhere in the COP29 negotiations to include explicit references to the transition away from fossil fuel were repeatedly blocked or diluted. The presidency attempted to reach consensus on including language from last year's landmark UAE Consensus and failed. The text will need to be taken up by parties once again at COP30 in Brazil.

Maria Mendiluce, CEO, We Mean Business Coalition said: "The $300 billion agreed in Baku is a modest step forward, but the inclusion of a $1.3 trillion target by 2035 could be a turning point for global climate finance. This longer-term commitment offers a bold signal that climate finance is finally scaling to meet the challenge of the climate crisis. The $1.3 trillion figure represents a science-led alignment of financial resources to meet the demands of the energy transition and resilience-building in developing countries deeply impacted by climate change. Something on public-private and

"This should provide confidence to governments and businesses that significant resources are aligning to support global climate action. The Baku to Belém Roadmap will set out a framework for scaling and deploying this funding, particularly to support developing nations' mitigation and resilience-building efforts. While it must offer a mechanism to guide progress, implementation will be the true measure of its success.

"Achieving the $1.3 trillion will require massive mobilisation of private investment globally, especially in developing countries. As new public finance is deployed, it will need clear focus on derisking investments and creating the right conditions to successfully mobilise private sector finance globally.

“The inability to secure explicit commitments on fossil fuels and instead delay decision-making until Belem is a failure of leadership. Many nations sought to include the critical language agreed in the UAE Consensus on transitioning away from fossil fuels, but pushback from a handful of key countries representing the vested interests of the fossil fuel industry, a poorly led process and accusations of diluted commitment, meant the final text could not be agreed and will be taken up again next year.

“Fossil fuels are the single largest driver of the climate crisis. Without clear signals that align with last year’s commitments, including the transition away from fossil fuels, governments risk stalling critical private sector investment needed to achieve climate goals. The onus now rests with individual countries, the majority of whom supported stronger outcomes in Baku, to go home and put this in their NDCs to ensure they send strong signals on how their policies will accelerate the clean energy transition and attract greater private sector investments.

“But let’s be clear, the shift to renewables is unstoppable. There is clear global momentum for countries developing new national climate plans (NDCs) centred on clean energy transitions and protecting and restoring nature. The clear leadership displayed by the UK and Brazil must galvanise other nations to finalise 1.5°C-aligned commitments by early 2025, with plans for rapid implementation.”

Climate finance

The $300 billion committed in Baku delivers critical progress but falls short of the decisive action and timeline the climate crisis demands. However, this stepping stone alongside the call for $1.3 trillion by 2035 could mark a turning point in global climate action, indicating that climate finance is finally scaling up.

For businesses, this target is more than just a number—it’s a signal that the financial ecosystem is beginning to align to unlock investment opportunities. The private sector is ready to invest in the energy transition, but this requires improving investment conditions with sound domestic policies and effective deployment of public climate finance to reduce risk premiums. After Baku, we will need governments to be clear on how they will accelerate the mobilisation of finance for an equitable energy transition globally:

- By sending clear policy signals: globally, the private sector looks for certainty and coherence for where to invest. We need to see ambitious NDCs and clear plans that facilitate their implementation in all countries.

- Through public finance playing a more catalytic role, leveraging mechanisms like blended finance and guarantees to de-risk investments, particularly in vulnerable and emerging markets.

This evolution can create a predictable environment for businesses to engage in large-scale clean energy and resilience projects.

Companies poised to act early will find themselves at the forefront of the growth markets in the global economy. However, governments must rapidly translate these commitments into policies and measures that can encourage investment. This means addressing regulatory barriers, stabilising risk factors, and creating frameworks that integrate public and private financing. As the $1.3 trillion roadmap unfolds, the private sector will be ready to seize this moment—not just to drive profit but to play a pivotal role in ensuring a sustainable future.

Fossil fuels and clean energy transition

Fossil fuels remain at the heart of the climate crisis, and avoiding the subject only delays the energy transition - putting more lives, jobs and communities at risk. However, the issue is far from shelved. Critical decisions on fossil fuels are expected to take centre stage in upcoming negotiations at COP30 in Brazil, where discussions on setting clear phase-out timelines could gain momentum. Additionally, as witnessed with this year's G20 summit during COP29, platforms like the G20 and G7 will continue to provide influential forums where the global strategy to phase out fossil fuels can be shaped.

Aligning these decisions with ambitious, investible Nationally Determined Contributions (NDCs) that prioritise the clean energy transition, will be the key to delivering progress. The leadership shown by the UK and Brazil in delivering their new NDCs should act as a catalyst for others. Brazil's new NDC has a strong focus on reducing deforestation, scaling up biofuels and accelerating electrification, reflecting its dual priorities of economic development and environmental stewardship. The UK set an ambitious 81% emissions reduction goal and will deliver its full plans in 2025. By sending stronger signals to investors and businesses, NDCs will not only mobilise capital but also ensure that the global energy transition progresses at the necessary pace.

Adaptation and resilience in developing countries

The lack of sufficient financial support for adaptation measures continues to place the most vulnerable nations at disproportionate risk. Developing countries face immediate threats from extreme weather, economic strain, and fragile infrastructure, yet climate finance commitments remain heavily skewed toward mitigation. Adaptation projects often struggle to attract private sector investment due to higher perceived risks and lower immediate returns.

To overcome this, targeted mechanisms such as blended finance, risk-sharing instruments, and insurance-backed investments must be scaled up. These tools can mitigate financial uncertainty, making adaptation projects more attractive to private investors. For instance, investments in resilient infrastructure—such as flood defences, sustainable agriculture, or water management systems—offer businesses a means to protect critical supply chains and avoid disruption from climate shocks.

Alongside adaptation, the clean energy transition in developing countries offers significant opportunities for private sector investment. However, these regions often face barriers such as unstable regulatory environments, currency risks, and underdeveloped infrastructure. Public finance needs to be deployed strategically to address these challenges, thereby cutting risk premiums and improving investment conditions. Tools like green bonds, concessional finance, and public-private partnerships can unlock large-scale private capital for renewable energy, energy efficiency, and grid modernisation projects. The energy transition in these regions is not just essential for global emissions reductions—it is a vital economic opportunity for businesses looking to access rapidly growing markets in the clean energy sector.

Private sector leadership

The global business community is ready to lead, with many of the world's largest companies already pivoting toward clean technologies. The clean energy market, set to triple to over $2 trillion by 2035, presents a strong economic opportunity. Governments, however, need to meet businesses halfway by creating clear, investible conditions.

Public finance must be deployed strategically, targeting high-risk regions and sectors to reduce barriers to private sector engagement. Policies that incentivise innovation and remove outdated fossil fuel subsidies will be key to unlocking the transformative potential of private capital. Carbon markets can facilitate investment in the transition globally and progress made in Baku to finally operationalise the Article 6 carbon market mechanisms is an important step forward. We now need see concrete steps to scale these markets and make them investible.

COP reform

While multilateralism has its flaws, it remains the cornerstone of climate action. The agreements in Baku, despite their limitations, underscore the power of global cooperation to address challenges that no single country can solve alone. Multilateral forums like COP foster accountability, amplify the voices of vulnerable nations, and create space for collaboration across geopolitical divides.

However, the COP process must evolve to meet the urgency of the climate crisis. Too often, outcomes are hostage to the priorities of individual nations. The high integrity and neutrality of the presidency must never be in doubt. Reforms are needed to make the process more action-oriented, emphasising implementation and holding countries accountable for domestic delivery of their international commitments.

The rotation of COP hosts presents challenges. The host nation's domestic policies, resources, and geopolitical priorities can unduly shape the tone and focus of the talks. Future reforms must consider how to balance host nation influence with the global nature of the challenge, ensuring consistent ambition regardless of location.

From Baku to Belem

With the Amazon as a symbol of both opportunity and peril, Brazil's stewardship of COP30 will be pivotal. Their role will be much more than maintaining momentum—it will require the rebuilding of trust and driving accelerated change.

COP30 must bridge the gaps left from Baku and turn what was achieved into actionable plans, focusing on nature-based solutions, innovative finance mechanisms, and a clear framework for phasing out fossil fuels. Brazil's leadership will be measured by its ability to rally nations toward implementing bold and pragmatic climate actions that exceed the promises made in Baku.

Core to this is the transition away from fossil fuels. With renewables often already outcompeting fossil fuels on cost and scalability, governments and businesses must double down on investments and policies to accelerate the transition. The Baku to Belém Roadmap provides an opportunity to align public and private sector efforts to unlock new markets for clean energy and reduce financial barriers in high-risk regions.

We Mean Business Coalition and our business partners are looking forward to working with Brazil to meet this moment in 2025.

Additional positive announcements at COP29

- UK's new NDC: The UK committed to a new NDC target of reducing greenhouse gas emissions by 81% by 2035, compared to 1990 levels. This positions the UK as a leader in rapid decarbonization, setting a high benchmark for other developed nations.

- Brazil's new NDC: Brazil pledged to reduce net greenhouse gas emissions by 59%–67% by 2035, compared to 2005 levels. This strengthens Brazil's global leadership on climate action as it prepares to host COP30 and demonstrates the potential of emerging economies to set ambitious targets despite economic challenges.

- Indonesia's bold transition plan: Indonesian President Prabowo Subianto announced plans to retire all coal and fossil fuel plants within 15 years, while significantly increasing renewable energy capacity. This provides a model for other coal-dependent economies to transition to renewables and could catalyse private investment in Southeast Asia's clean energy sector.

- 'Straight Line to Net Zero' Initiative: A coalition of nations, including the EU, Canada, Mexico, Chile, Norway, Switzerland and Georgia committed to setting 2035 climate targets on a "straight-line or steeper" path to net zero. This guarantees steady emissions reductions, avoiding backloading of climate efforts to future decades and provides a replicable framework for other countries.

- Launch of the Global Clean Power Alliance: Introduced at the G20 in Rio, this UK-led alliance unites countries like Brazil, Australia, Canada, and Germany to accelerate the clean energy transition. It reinforces collective action to meet COP28 goals of tripling renewable energy capacity and doubling energy efficiency and creates shared expertise and financing opportunities for global clean energy projects.

- Global Methane Pledge: Governments and philanthropy announced nearly $500 million in new grants for methane abatement, bringing the total to over $2 billion. Further, more than 30 countries endorsed the COP29 Presidency's Reducing Methane from Organic Waste Declaration. Methane reductions provide immediate climate benefits, helping to curb near-term warming. This aligns with global agriculture, energy, and waste management reforms.

Harvey Presence
Marchmont Communications
email us here
