

**Climate Change**

# Global | Climate finance, at the heart of COP29

El Economista (Mexico)

**Marco Lara**

October 11th, 2024

From 11 to 22 November, the international community will gather in Azerbaijan, a country on the shores of the Caspian Sea, to outline the next steps to be taken on climate change at the 29th Conference of the Parties to the United Nations Framework Convention on Climate Change, better known as COP29. In light of the growing urgency of the climate crisis, the main points to be discussed at this new summit are outlined below.

Climate finance will be a primary focus. The New Quantified Collective Goal (NCQG) will be on the agenda in Azerbaijan, where international resource mobilization targets, especially for climate change mitigation, will be discussed. At the previous COP meeting in Copenhagen in 2009, developed countries committed to raising a minimum of USD 100 billion annually. This figure will need to be revised in light of the growing impact of climate change.

Without neglecting the mitigation component, i.e. the reduction of greenhouse gas (GHG) emissions, another central part of the discussions will be the issue of adaptation to the impending effects of climate change on a global scale. To this end, it is expected that progress can be made in providing countries, especially developing ones, with the technical and financial tools they need to develop their national adaptation plans.

Carbon markets are another key element in mobilizing resources for GHG mitigation initiatives. As markets are more dynamic than other financing mechanisms, their importance was made clear in the Article 6 of the 2015 Paris Agreement. Among the most controversial elements on the table for COP29 is whether these markets and other financing mechanisms should be centralized in an international authority for technical issues such as monitoring, reporting and verification of emission reductions, or whether, on the contrary, a decentralized, regional or even bilateral approach should be preferred.

An additional key issue on the program in Azerbaijan is the Loss and Damage Fund for Developing Countries, which has been enabled to receive funding since last year's COP28 in Dubai, with the World Bank assigned as the entity responsible for its administration. Increasing the Fund's resources to match the growing financial needs, as well as accelerating emergency response mechanisms to the climate crisis are among the issues to be discussed, not forgetting the growing interest of the private sector in contributing to this financial instrument.

Looking ahead to what will happen in Azerbaijan in the coming weeks, the international community must join forces to make progress on the issues on the agenda. The climate crisis is no longer a futuristic issue, but one that is increasingly present in everyday life: in local markets where products become more expensive due to disruptions in supply chains, affecting low-income people, but also in millions of families without access to water, or in households that have lost everything due to increasingly intense floods or cyclones. Now is the time for action.

## **DISCLAIMER**

The present document does not constitute an “Investment Recommendation”, as defined in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (“MAR”). In particular, this document does not constitute “Investment Research” nor “Marketing Material”, for the purposes of article 36 of the Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (MIFID II).

Readers should be aware that under no circumstances should they base their investment decisions on the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

This document has been prepared by BBVA Research Department. It is provided for information purposes only and expresses data or opinions regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

The content of this document is protected by intellectual property laws. Reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process is prohibited, except in cases where it is legally permitted or expressly authorised by BBVA on its website [www.bbvaresearch.com](http://www.bbvaresearch.com).

### **ENQUIRIES TO:**

BBVA Research: Paseo de la Reforma 510, Colonia Juárez, C.P. 06600 Mexico City, Mexico.  
Tel.: +52 55 5621 3434  
[www.bbvaresearch.com](http://www.bbvaresearch.com)