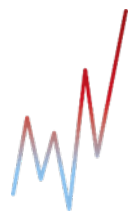




Talk Is Cheap At Finance COP29: And Where Does Czechia Fit In?

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Summary

→ The policy paper „Talk is Cheap at Finance COP29: And Where Does Czechia Fit In?“ aims to provide an overview of the upcoming climate negotiations, focusing predominantly on the new collective quantified goal (NCQG) on climate finance. Simultaneously, it presents several thematic avenues via which Czechia, also as an EU Member State, can contribute to the collective efforts of achieving Paris Agreement goals, translating the global ambitions into concrete domestic and foreign policy climate actions.

→ In the policy paper's first part, we zoom in on the UNFCCC COP29 Azeri Presidency and its priorities, shed light on the COP28 outcomes and on the unsatisfactory global climate progress to meet the energy goals set at COP28, and also on the necessity for Parties to submit ambitious Nationally Determined Contributions (by February 2025).

→ Also, in light of the yet to be negotiated NCQG and the understanding that finance is a key enabler for climate action, thematic areas of contention are presented and contextualised among lessons learned from the negotiations on finance. It is necessary to examine past experience to rebuild trust and restore confidence in the multilateral process as the financial goal of mobilising USD 100bn per year for developing states has not been sustainably achieved and as it should be replaced by the new goal.

→ The second part of the paper focuses on diverse entry points and domestic opportunities linked to the implementation of global climate goals relevant to the context of the COP29. In terms of climate finance, three clusters are analysed: 1) international support for climate action, 2) private finance mobilisation and provision for climate action, and 3) domestic efforts by all Parties. For all three clusters, recommendations are provided on how Czechia can not only constructively contribute to global negotiations but walk the talk at home.

→ Lastly, we explore areas such as energy security, UN Security Council Candidacy, business and trade, gender (in)equity, and young people's participation which represent under-researched avenues for Czech climate action. By stressing various topical entry points of discussion and action, the aim is to present to relevant actors, who range from the usual suspects to those more under the radar, with the information they need in order to play their part in strengthening the chain of climate accountability.



List of Abbreviations

BTRs	Biennial Transparency Reports
CBD	Convention on Biological Diversity
CNB	Czech National Bank
COP29	29th session of the Conference of the Parties
CSDDD	Corporate Sustainability Due Diligence Directive
CSRD	Corporate Sustainability Reporting Directive
CZK	Czech Crown
EGBS	European Green Bond Standard
ENGOS	Environmental non-governmental organisations
ESRS	European Sustainability Reporting Standards
EU	European Union
EU CTBs	EU Climate Transition Benchmarks
EU ETS	EU Emissions Trading System
EU PABs	EU Paris-Aligned Benchmarks
GAR	Green Asset Ratio
GCF	Green Climate Fund
GHGs	Greenhouse gases
GST	Global Stocktake
G20	Group of Twenty Finance Ministers and Central Bank Governors
IEA	International Energy Agency
MEYS	Ministry of Education, Youth and Sports of the Czech Republic
MF	Ministry of Finance of the Czech Republic
MFA	Ministry of Foreign Affairs of the Czech Republic
MIT	Ministry of Industry and Trade of the Czech Republic
MoE	Ministry of Environment of the Czech Republic
NAPs	National Adaptation Plans
NATO	North Atlantic Treaty Organization
NCQG	New Collective Quantified Goal
NDCs	Nationally Determined Contributions
NGOs	Non-governmental organisations
OECD	Organisation for Economic Co-operation and Development
PYCC	Presidency Youth Climate Champion
SFDR	Sustainable Finance Disclosure Regulation
SIDS	Small Island Developing States
SIFA	Sustainable Investment Facilitation Agreement
UAE	United Arab Emirates
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change



US	United States of America
USD	United States Dollar
WBCSD	World Business Council on Sustainable Development
WRI	World Resources Institute
YOUNGO	Youth NGOs



Recommendations

To European and Czech political bodies:

- I. The EU and Czechia have to decrease their fossil fuel dependencies, as they must not be seen as drivers of increased fossil fuel production in other countries. It undermines the EU's negotiating position, erodes trust with developing country Parties and can lead to creating stranded assets in the future.
- II. The EU and Czechia should invest into international strategic partnerships with developing state Parties which can create co-benefits between energy security, shoring up the EU's global climate leadership, business, and foreign policy. However, they should invest in modern and innovative projects that are aligned with climate and environmental objectives, and do not contribute to harmful practices.

To Czech policy-makers and relevant stakeholders:

- III. To uphold the goals of the Paris Agreement, the Czech government should adopt ambitious and socially responsive energy and climate plans, i.e., the Climate Protection Policy of the Czech Republic, the State Energy Policy, and the National Energy and Climate Plan.
- IV. With around 40,000–80,000 participants expected at COP29, the conference offers a venue to showcase national policy, business and science. At upcoming climate conferences, Czechia should make use of this space through its own pavilion or through collaboration with the EU or other Member States.
- V. The UNFCCC provides a unique opportunity to engage with countries that might not usually be in the Czech orbit and that place a lot of emphasis on climate-related issues, such as African states or Small Island Developing States. New partnerships can prove strategic, for instance, in gaining support for the Czech candidacy to the UN Security Council, or in strengthening economic diplomacy and scientific cooperation. The Ministry of Industry and Trade (MIT), the Ministry of Foreign Affairs (MFA) and the Ministry of the Environment (MoE) together with the private sector and the media should further explore the possibilities linked to International Partnerships, in relation to Jozef Sikela being commissioner-designate for this portfolio.
- VI. The NCQG on climate finance and its spirit should be reflected domestically and in international negotiations. The Czech government, key ministries as well as institutions such as the Czech National Bank should take action to systematically mobilise and catalyse both public and private climate finance, and to create enabling conditions to address climate change. This includes implementing EU directives on corporate sustainability reporting.
- VII. For starters, Czechia and Czech institutions, such as the Czech National Bank, should join and actively participate in ongoing initiatives that aim to mainstream climate action within the national budget and governance. Some of these initiatives include the Coalition of Finance Ministers for Climate Action, the Climate Club Global Matchmaking Platform or the Network for Greening the Financial System.
- VIII. The MFA and the MoE should increase bilateral aid allocated to gender equality, women's empowerment and climate action to reach the OECD DAC average. With other actors, such as the Office of the Government, the MIT and relevant research and non-governmental organisations, they should



cooperate to design and implement policies and measures that lead to a gender-responsive just transition, closing the new gender divide stemming from the fact that women are underrepresented in green jobs, both in Czechia and abroad.

- IX. The Ministry of the Environment and Ministry of Education, Youth and Sport (MEYS) should meaningfully engage youth from Czechia in the NDC 3.0 process for the 2025 submission. The 2023 UNDP cookbook on establishing a youth-inclusive NDC process can guide all steps so that the perspective of this group, particularly vulnerable to climate change impacts, may be built on.
- X. The MoE and the MEYS should, in cooperation with youth organisations, define meaningful involvement of Czech young people in global climate decision-making in relevant national strategic documents currently in preparation, including the Climate Protection Policy of the Czech Republic and the Conception on Youth 2025-2031.
- XI. To cultivate capacity-building, know-how and network in the field of climate diplomacy, the MoE should join the Climate Youth Negotiator Programme and offer the possibility to participate in the programme to their delegates. The MFA should include climate and energy diplomacy training as part of the Diplomatic Academy for all future diplomats, ensuring that they understand climate and energy diplomacy and relevant entry points for cooperation in diverse fields (such as security, business and trade etc.).



Introduction

Amid rising tensions between the US and China, Russia and NATO, Israel and Hamas¹, heads of states and governments from all over the world will face scrutiny this November in Baku over the progress made on climate. The 29th session of the Conference of the Parties (COP29) to the United Nations Framework Convention on Climate Change (UNFCCC) takes place in the capital city of Azerbaijan, “the City of Winds” and one of the oldest oil producing regions in the world. Since the second half of the 19th century, Baku has been attracting businesspeople from the whole world as well as a large amount of foreign investment allowing both oil and gas to be exported to the global markets.² From November 11-21, 2024, the “historical homeland of oil in the world”,³ will be hosting 40,000-80,000 delegates,⁴ this time in an attempt to limit global warming, propelled primarily by the burning of fossil fuels, by keeping the Paris Agreement’s temperature goal of 1.5°C within reach. While the irony sticks out like a sore thumb, the stakes for advancing global climate policy reached a new high with 2023 ending on average 1.48°C warmer than the pre-industrial levels.⁵

Amongst the 60 decisions⁶ expected to be adopted in Baku, climate finance, considered the main enabler of achieving global climate goals, will be in the limelight. Notably, a consensual agreement on a New Collective Quantified Goal on climate finance (NCQG), covering both provision and mobilisation of finance, will be primarily sought for. Other highly monitored agenda items will include discussions on Article 6⁷ of the Paris Agreement, specifically the operationalisation of regulated international carbon markets, and the necessity to build on the outcomes of COP28 and the Global Stocktake (GST). The latter two especially function as a prerequisite for Parties to submit their updated climate plans, in the form of Nationally Determined Contributions (NDCs), by February 2025. While, on the surface, the talks will mainly concern the already politically sensitive topic of shifting global finances toward low-carbon flows and resources to developing countries, the positions of Parties will also reflect their underlying ambitions related to security, competitiveness, good governance, access to fair solutions, and attitudes towards the current world order.

With heat records constantly being broken and various climate events intensifying all around the world in the election super year, one of the elephants in the negotiation rooms is the role of accountability. As the Paris Agreement is now to be implemented on all levels of governance, the lack of political will, vested interests in the status quo, mixed messaging towards citizens and voters, as well as the lack of

¹ S&P Global, “Top geopolitical risks of 2024,” 2023, <https://www.spglobal.com/en/research-insights/market-insights/geopolitical-risk>.

² Ministry of Energy of Azerbaijan, “HISTORY OF DEVELOPMENT OF OIL INDUSTRY,” January 31, 2020, <https://minenergy.gov.az/en/neft/neft-senayesinin-inkisaf-tarixi>.

³ Ibid.

⁴ Expected numbers of delegates vary, ranging from 40 to 80 thousand. Climate Change News, “Peak COP? UN looks to shrink Baku and Belém Climate Summits,” April 24, 2024, <https://www.climatechangenews.com/2024/04/24/peak-cop-un-looks-to-shrink-baku-and-belem-climate-summits/>, Bloomberg, “Azeri Central Bank Considers Dollar Sales as COP29 Drives Demand,” September 18, 2024, <https://www.bloomberg.com/news/articles/2024-09-18/azeri-central-bank-considers-dollar-sales-as-cop29-drives-demand>.

⁵ Copernicus, “Copernicus: 2023 is the hottest year on record, with global temperatures close to the 1.5°C limit - Press release,” January 9, 2024, <https://climate.copernicus.eu/copernicus-2023-hottest-year-record>.

⁶ As stated by Yalchin Rafiyev, Deputy Minister of Foreign Affairs of the Republic of Azerbaijan, COP29 Lead Negotiator, on September 12, 2024 in Prague, at a side-event to the 31st Economic and Environmental Forum of the Organization for Security and Cooperation in Europe.

⁷ Due to the complexity of the issue and the limited space available, Article 6 and the necessity to leverage carbon markets to drive climate action will not be further explored in detail in this policy paper.



stress on social justice and the just transition, are slowing down climate action not only in international processes, but also domestically.

More than ever it is, therefore, necessary to link the urgency of maintaining a stable climate with actions taken in countries, regions, cities, companies, and communities all over the world, including in the Czech Republic (and in the EU that Czechia is a part of).

In light of the above, the aim of this policy paper is twofold. Firstly, the section titled Setting the Scene describes various elements and dynamics in order to provide the broader context for the COP29 and its expected outputs. This includes zooming in on the Azeri Presidency and its priorities, emphasising what Parties in Dubai at COP28 promised to do (and where we are at), and, finally, providing context for the negotiations on the new collective goal on climate finance including thematic areas of contention. The second section focuses on implementation and on linking matters dealt with on the global level with policies and measures to be executed in the Czech Republic, including by the public sector, private and financial sector, and by civil society. The selected areas of our focus cover the role of various Czech actors in mobilising and providing climate finance (within the global, EU, and national context), energy security, UN Security Council candidacy, and in the areas of business and trade, gender equity and young people's participation in climate governance. Whilst the list of areas and recommendations is by far not exhaustive, the ambition of the policy paper is to provide a certain direction of travel should Czechia want to take advantage of opportunities that the climate regime in the context of COPs offers and requests Parties to do. At the same time, by stressing various entry points of discussion and action, a possible chain of accountability is presented, ranging from actors that are usual suspects to those under the radar.



1 Setting the COP29 scene

As Azerbaijan takes the reins of COP29, its leadership will inevitably face scrutiny due to the nation's fossil fuel dependence and geopolitical conflicts. Combined with Parties' growing desire for security and competitiveness, as well as with the necessity to build on COP28 outcomes, the outcome of COP29 is not guaranteed.

In order to provide more context on the COP29, the section below firstly summarises the priorities of the Azeri Presidency in light of key expected negotiation points of the global climate arena. Secondly, it briefly summarises key outputs of COP28, which helped create the conditions for Parties to present their updated climate plans, or NDCs, by February 2025. Thirdly, the yet to be negotiated elements of the NCQG on climate finance are outlined, further reflecting on the state of climate finance-related previous agreements promises and their delivery.

1.1 COP29 Azeri Presidency Priorities

After a lengthy and contested election, the conflict-ridden group of Eastern European States decided on Azerbaijan to be the host of COP29. However, the awarding of the title again comes with a dose of scepticism. Following Egypt (COP27) and the United Arab Emirates (COP28), it is another Presidency with a strong interest in fossil fuel extraction, as oil and gas cover 98.6% of Azerbaijan's domestic energy production,⁸ and make up more than 90% of its exports⁹ accounting for one-third of the country's total GDP. The President-designate Mukhtar Babayev¹⁰ held an executive role in the State Oil Company of the Republic of Azerbaijan (SOCAR), where he worked for 26 years before becoming environment minister. Under the country's still current climate goal, Azerbaijan committed to an out of step 40% reduction of emissions by 2050.¹¹ For its new target, looking to be submitted in early 2025, President Aliiev has stated¹² that Azerbaijan will align itself with the 1.5°C goal of the Paris Agreement, however specifics are yet unknown. Looking further, Azerbaijan's decarbonisation efforts have been lacklustre up to this point. Renewables account for only 1.5% of energy production and while year on year oil production is dropping¹³ (-7%), gas production was up 37% in 2023 and emissions reduction is not achieved consistently or at scale.¹⁴

However, to address the egg on our faces, 2023 data shows¹⁵ that about half of Azerbaijan's gas exports, roughly 12 bcm (bn cubic meters), go to the EU. This number

⁸ "Azerbaijan - Countries & Regions - IEA," <https://www.iea.org/countries/azerbaijan>.

⁹ "Overview - Azerbaijan energy profile - Analysis - IEA," <https://www.iea.org/reports/azerbaijan-energy-profile/overview>.

¹⁰ Joe Lo, "Azerbaijan appoint state oil company veteran as Cop29 president," Climate Home News, January 4, 2024, <https://www.climatechangenews.com/2024/01/04/azerbaijan-appoint-state-oil-company-veteran-as-cop29-president/>.

¹¹ "Azerbaijan | Climate Promise," <https://climatepromise.undp.org/what-we-do/where-we-work/azerbaijan>.

¹² Attracta Mooney, "COP29 host Azerbaijan defends role of oil and gas in climate change talks," Financial Times, April 26, 2024, <https://www.ft.com/content/225247f7-8949-436b-b17a-23d26f62688b>.

¹³ "Azerbaijan's 2023 gas and power production rose while oil production declined | Enerdata," <https://www.enerdata.net/publications/daily-energy-news/azerbaijans-2023-gas-and-power-production-rose-while-oil-production-declined.html>.

¹⁴ "Azerbaijan CO₂ Emissions Worldometer," <https://www.worldometers.info/co2-emissions/azerbaijan-co2-emissions/>.

¹⁵ "Joint statement: 10th ministerial meeting of the Southern Gas Corridor Advisory Council and 2nd ministerial meeting of the Green Energy Advisory Council," https://energy.ec.europa.eu/news/joint-statement-10th-ministerial-meeting-southern-gas-corridor-advisory-council-and-2nd-ministerial-2024-03-01_en.



is supposed to increase to 20 bcm by 2027,¹⁶ with Czechia,¹⁷ Slovakia, Hungary, Bulgaria, Romania, Greece and Italy being the main purchasers.¹⁸ Unfortunately, with the scramble for new supplies after the Russian invasion of Ukraine being so vast, Azerbaijan is itself importing Russian gas¹⁹ for domestic consumption in order to comply with its export commitments. Azerbaijan is also an important supplier of oil, making up 4.3% of EU imports,²⁰ and is the second largest importer to Czechia, with around 26.5% of supplies in 2023.²¹ Additionally, with over 58% of Czechia's oil supplies still coming from Russia, it is eager to increase its imports from the Caspian sea region. However, as with gas, Azerbaijan is said to be importing more Russian oil²² in order to cover domestic demand. To add a cherry on top, Azerbaijan's government is on record as saying that expansion of renewables is supposed to serve²³ as a tool to cut domestic gas consumption and free up capacity for exports, resulting in no mitigation of emissions whatsoever. These realities, sadly, fail to effectively achieve the EU's perceived goals in decreasing Russia's revenue from fossil fuel exports and encouraging global reduction of emissions.

The ongoing tensions with Armenia will also certainly be reverberating throughout the Presidency term. After the Azerbaijani lightning offensive that captured the region of Nagorno-Karabakh, the two sides have been taking steps toward a formal peace agreement.²⁴ One of the first manifestations of goodwill has been Armenian support²⁵ for Azerbaijan's bid to host COP29 alongside a prisoner swap. The conference itself can be another possibility for the two countries to move forward in peace talks. Azerbaijan is also calling on Parties to support the COP Truce²⁶ and cease hostilities during the month of COP29.

¹⁶ "Azerbaijan's energy and climate policies dominated by gas export expansion plans," Zero Carbon Analytics, September 11, 2024, <https://zerocarbon-analytics.org/archives/energy/azerbaijans-climate-policies-dominated-by-gas-export-expansion-plans>.

¹⁷ "Ilham Aliyev met with Prime Minister of the Czech Republic Petr Fiala in Oxford » Official website of President of Azerbaijan Republic," <https://president.az/en/articles/view/66525>.

¹⁸ Laurance Walker, "Azerbaijan to boost gas exports to EU by 17% by 2026 – Socar," Montel News, April 9, 2024, <https://montelnews.com/news/16786f15-occ4-4169-90e9-5a896216c4f1/azerbaijan-to-boost-gas-exports-to-eu-by-17-by-2026-socar>.

¹⁹ "Azerbaijan's gas exports to the EU face challenges," Economist Intelligence, July 10, 2024, <https://www.eiu.com/n/azerbaijans-gas-exports-to-the-eu-face-challenges/>.

²⁰ "The European Union and Azerbaijan | EEAS" https://www.eeas.europa.eu/azerbaijan/european-union-and-azerbaijan_en?s=217.

²¹ Jiří Trojáček, "Dovoz ropy do Česka v roce 2023 stagnoval a dostal se na úroveň roku 2018. Zdaleka nejvíc této suroviny dovážíme z území bývalého Sovětského svazu." Statistika&My, May 20, 2024, <https://statistikaamy.csu.gov.cz/odkud-priteka-cerne-zlato#:~:text=Druh%C3%BDm%2onejv%C4%9Bt%C5%A1%C3%ADm%20odavatelem%20ropy%20o,celkov%C3%BDch%20dovozech%20ropy%20o%20%C4%8Ceska>.

²² Lukáš Kovanda, Ph.D., "Česko od začátku invaze do letošního dubna dovezlo ruskou ropy celkem za 107 miliard korun. Může to být i ropa ázerbájdžánská," Kurzy.cz, July 25, 2024, <https://zpravy.kurzy.cz/777783-cesko-od-zacatku-invaze-do-letosniho-dubna-dovezlo-ruskou-ropu-celkem-za-107-miliard-korun-muze-to/>.

²³ Stuart Elliot, "Azerbaijan expects 2023 gas exports to Europe to top 12 Bcm: deputy minister" S&P Global, November 10, 2023, <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/natural-gas/111023-azerbaijan-expects-2023-gas-exports-to-europe-to-top-12-bcm-deputy-minister>.

²⁴ Ilham Karimli, "Azerbaijan, Armenia Advance Historic Peace Agreement," Caspian News, July 11, 2024, <https://caspiannews.com/news-detail/azerbaijan-armenia-advance-historic-peace-agreement-2024-7-11-0/>.

²⁵ Ruzanna Stepanian, "Armenia Invited To COP29 Summit In Baku," Radio Free Europe, July 23, 2024, <https://www.azatutyun.am/a/33047985.html>.

²⁶ "COP29 Azerbaijan - United Nations Climate Change Conference" <https://cop29.az/en/news/cop29-presidency-officially-launches-joint-solemn-appeal-for-a-cop29-truce>.



Another concerning and recurring issue, is the Presidency's human rights record. According to a report from Human Rights Watch,²⁷ the Azerbaijani government continues to restrict the freedom of expression and assembly, with journalists and activists ending up in prison on political charges. Criminal investigations into the work of NGOs and restrictive laws aim to impede participation of civil society in the public sphere and authorities also continue to target political opposition. With some NGOs planning to skip the conference altogether due to security concerns, we can expect that civil society participation at COP29 will be controlled,²⁸ potentially even more assiduously than we saw in Egypt or in the UAE. This means less space for expression of opinion coming from crucial stakeholders.

So what kind of leadership can we expect from Azerbaijan at this year's COP?

In a "Letter to Parties and Constituencies"²⁹ President-designate Babayev has outlined the priorities of his Presidency based on two pillars: *Enhancing Ambition* and *Enabling Action*.

Enhancing Ambition

New Dawn Coming?: To increase global mitigation ambition, Azerbaijan is calling on Parties to put forward strong NDCs in order to implement the outcomes of the GST. Working within the Troika (i.e., the COP28 and COP30 Presidencies), plenty of activities are planned to help countries submit their plans, in alignment with the goal of maintaining the rise of global temperatures at below 1.5°C, before the deadline of 10 February 2025.

No time to sleep: As there is no such thing as overplanning, Parties' National Adaptation Plans (NAPs) are also to be submitted in 2025. While putting forward its own NAP, the Presidency will be calling on Parties and the Green Climate Fund (GCF) to also submit their plans, with more ambition and backed by scaled up adaptation finance.

Also, reporting: With a December deadline for the Biennial Transparency Reports (BTRs), the Presidency has set up an initiative³⁰ to support Parties in building capacities and enabling delivery of the report on time. In the future, the initiative should serve as a platform for implementation and participation in the broader Enhanced Transparency Framework, which provides guidance on reporting progress on meeting the goals of the Paris Agreement.

Enabling Action

Money talks: Adopting an ambitious NCQG is the cornerstone of enabling action in the eyes of the Presidency. Already showing activity in Bonn at UNFCCC Subsidiary Bodies meeting and during the intersessional period in general, the NCQG will be at the crux of the conference's success or failure.

Everybody loves markets: Azerbaijan has also set its sights on Article 6, which aims to set up a framework for carbon trading within the UN system. The hope is to have a reliable scheme, where projects that avoid emissions can generate credits, purchasable to offset emissions of another entity. This item, a recent favourite among fossil fuel exporters, has been in the pipeline

²⁷ "World Report 2024: Azerbaijan | Human Rights Watch," <https://www.hrw.org/world-report/2024/country-chapters/azerbaijan>.

²⁸ "The Rights and Wrongs Leading to Azerbaijan's Hosting of COP29," Pass Blue, July 9, 2024, <https://www.passblue.com/2024/07/09/the-rights-and-wrongs-leading-to-azerbajians-hosting-of-cop29/>.

²⁹ "COP29 Azerbaijan - United Nations Climate Change Conference," <https://cop29.az/en/news/letter-to-parties-and-constituencies>.

³⁰ "COP29 Azerbaijan - United Nations Climate Change Conference," <https://cop29.az/en/news/cop29-presidency-launches-baku-global-climate-transparency-platform-to-support-developing-nations-addressing-climate-change>.



since the creation of the Paris Agreement without much to show for as of yet. Despite it being a top priority, achieving operationalisation of Article 6 will remain an uphill battle as Parties continue to be strongly divided³¹ on numerous issues, chiefly the amount of restriction and oversight over these markets.

More funds, more problems: Operationalising the Fund for Responding to Loss and Damage will also be high on the Presidency agenda. While getting further money for the fund might be the flashiest move, the focus will also be on truly getting the entire Loss and Damage Mechanism running to provide knowledge, capacity building, finance and technologies to help countries address Loss and Damage.

In other news

Among a plethora of initiatives,³² the COP29 Presidency also gives a nod to building linkages between the Rio Conventions on climate, biodiversity and desertification, all of which have a COP at the end of 2024. The Convention on Biological Diversity (CBD) and the United Nations Convention to Combat Desertification (UNCCD) Presidencies will also be present at COP29 to help facilitate common solutions to global environmental crises across the three conventions. Multilateral financial institutions will also come under the microscope. For any billionaires out there, Azerbaijan will also be looking to philanthropy and the private sector as a source of climate finance.

Wrap up

The COP29 Presidency will mostly try to make progress on prominent items with finance implications, with the NCQG as a base to its potential legacy. The stated intent to encourage Parties to reflect the GST in their NDCs, NAPs and BTRs is a great way to build upon the conclusions of last year's COP and should generally go down well with stakeholders. However, we can also expect that Azerbaijan will be guarding its fossil fuel interests as it is ramping up exports, and whether it can organise an inclusive conference with ample participation of global and especially domestic civil society and journalists also draws scepticism. Overall the Presidency might need a big breakthrough in negotiations in order to establish trust in its climate leadership role and for it not to be overshadowed by its unimpressive climate and human rights record.

1.2 COP28 and where we left off in 2023

Having seen the peculiar position of this climate-action-ready but fossil-fuels-investing COP Presidency, in this subsection, the reader is asked to sit tight and assess how far the Parties have come since the GST report, Dubai's COP28 and the current negotiations on NCQG. The GST report revealed how far off-track global efforts are in meeting the Paris Agreement's 1.5°C target, which is why this paper also presents the energy-related targets agreed upon at COP28 and how Parties are faring in the run-up to submitting their third NDCs. Lastly, necessary context for understanding the debate on the NCQG on climate finance is provided, including information on aggregate financial trends, the most contentious elements, and lessons learned from previous negotiations on a global climate finance goal in 2009.

³¹ "Bonn climate talks: Key outcomes from the June 2024 UN climate conference - Carbon Brief," Carbon Brief, June 14, 2024, <https://www.carbonbrief.org/bonn-climate-talks-key-outcomes-from-the-june-2024-un-climate-conference/>.

³² Azerbaijan will launch a total of 14 initiatives including the Climate Finance Action Fund, which will take contributions from fossil fuel producing countries and companies to fund climate action in developing countries. Other initiatives cover topics such as trade, green energy, peace, agriculture or methane emissions. <https://cop29.az/en/news/azerbaijan-launches-climate-finance-action-fund-in-package-of-initiatives-for-cop29>.



Parties arrived in Dubai at COP28 with a sobering report card in their hands - the so-called Global Stocktake Report, informing of how the world is doing on climate action and the fulfilment of the Paris Agreement. Amidst the calls for increased ambition on all fronts, the report stressed the importance of the multilateral agreement, informing that “since its adoption, the Paris Agreement has driven near-universal climate action by setting goals and sending signals to the world regarding the urgency of responding to the climate crisis”.³³ Specifically, in 2010 the expected global temperature increase by 2100 was 3.7 - 4.8°C, in 2015 the expectation was 3 - 3.2°C, with COP27 announcements in 2022 indicating that global temperature rise could be curbed to 2.4 - 2.6°C or even 1.7 - 2.1°C if long term net zero targets are implemented.³⁴

In the outcome of COP28 the Parties further recognised that limiting global warming to 1.5°C with no or limited overshoot requires deep, rapid and sustained reductions in global GHGs of 43% by 2030 and 60% by 2035 relative to the 2019 level and reaching net zero carbon dioxide emissions by 2050.³⁵ Based on the findings in the synthesis report on NDCs, though, emissions in 2030 are projected to be only 5.3% lower than in 2019, if all NDCs are fully implemented.³⁶ This means that even if all NDCs are transferred from paper into practice, the scientifically set emissions target reduction would be missed eightfold.

1.2.1 Small wins: Transitioning away from fossil fuels and responding to loss and damage

In light of such expectations, it was regarded as a success that in Dubai, Parties, for the first time in a COP decision, agreed on “transitioning away from fossil fuels in energy systems... accelerating action in this critical decade, so as to achieve net zero by 2050 in keeping with the science”.³⁷ At the same time, the Parties did not agree on “phasing out all fossil fuels” which would have been understood as a much stronger recognition of climate science and international obligations, and a demonstration that Parties are serious about staying below the 1.5°C target or at least keeping it within reach. Nonetheless, another relatively positive outcome of COP28 was the agreement to operationalise a fund addressing loss and damage caused by climate change.³⁸ Since then, the fund has been officially called the Fund for Responding to Loss and Damage, with headquarters in the Philippines, hosted by the World Bank for the next four years.³⁹

Besides agreeing to transition away from fossil fuels, countries also agreed to several other energy targets that would help deep, rapid and sustained reductions in GHGs to keep the 1.5°C within reach. Thanks to the relatively specific wording of these targets, the International Energy Agency (IEA) together with the UNFCCC set up a tracking tool⁴⁰ to regularly evaluate progress, while providing specific reports on themes of the individual energy objectives.

³³ UNFCCC. *Technical dialogue of the first global stocktake*. FCCC/SB/2023/9. United Nations, 2023. https://unfccc.int/sites/default/files/resource/sb2023_09_adv.pdf.

³⁴ Ibid.

³⁵ UNFCCC. *Matters relating to the global stocktake under the Paris Agreement*. Dubai: COP28, 2023. <https://unfccc.int/documents/636584>.

³⁶ Ibid.

³⁷ Ibid.

³⁸ UNFCCC. *Operationalization of the new funding arrangements, including a fund, for responding to loss and damage referred to in paragraphs 2–3 of decisions 2/CP.27 and 2/CMA.4*. Dubai: COP28, 2023. <https://unfccc.int/documents/636618>.

³⁹ “Board Approves World Bank’s Role as Host and Trustee for the Fund for Responding to Loss and Damage - World Bank Group,” <https://www.worldbank.org/en/news/press-release/2024/06/10/board-approves-world-bank-s-role-as-host-and-trustee-for-the-fund-for-responding-to-loss-and-damage>.

⁴⁰ “COP28: Tracking the Energy Outcomes - IEA,” <https://www.iea.org/topics/cop28-tracking-the-energy-outcomes>.



1.2.2 Noticeably off track to reach global energy targets

Based on the IEA and UNFCCC analysis, countries are remarkably not on track to achieve the 10 defined energy-related targets set in Dubai 2023. Some exceptions exist, such as in the case of tripling renewable power capacity globally by 2030, where, optimistically, “renewable power capacity is on track to increase by about two-and-a-half times from 2022 levels by the end of the decade”.⁴¹ However, for all the relatively positive trends, as in the case of growing global investment in clean energy or the rate of growth in electric cars, the wider context provides a much bleaker picture. Specifically, the clean energy investment in emerging and developing economies is alarmingly low and the overall global road transport emissions are not decreasing fast enough, despite the growing demand for electric vehicles. One of the least positive trends is in the acceleration of zero- and low-emissions technologies (carbon capture and storage technologies, global low-emissions hydrogen production), providing an eye-opening reality-check to visions of reaching net zero targets by relying (solely) on technological solutions.

⁴¹ Ibid.



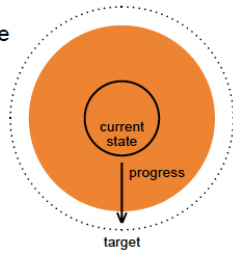
Image 1: Overview of tracking progress on energy goals set at COP29

Based on the IEA and the UNFCCC tool "COP28: Tracking the Energy Outcomes", 10 energy-related targets are illustratively presented, starting from those being somewhat implemented to those where progress is negligible.



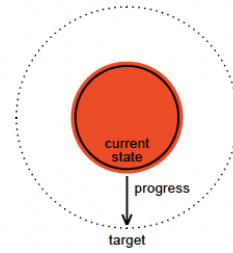
Tripling renewable energy capacity globally

Renewable power capacity is on track to increase by about two-and-a-half times from 2022 levels by the end of the decade.



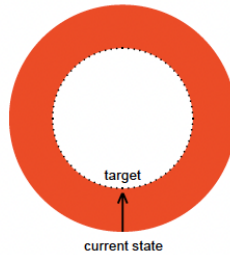
Double the global rate of energy efficiency improvements by 2030

According to the IEA's net zero pathway, annual progress needs to double from a baseline of 2% per year to an average of more than 4% per year between now and 2030. In 2023, global energy efficiency improved by an estimated 1.1%, according to the latest IEA data – well below the target.



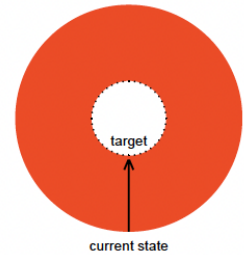
Accelerate efforts globally towards net zero emission energy systems well before or by around mid-century

Strong growth in clean energy has limited annual increases in energy-related CO₂ emissions in recent years. However, these emissions still rose to a record high in 2023. In the IEA's Net Zero by 2050 Scenario, emissions fall by 35% from 2022 levels by 2030.

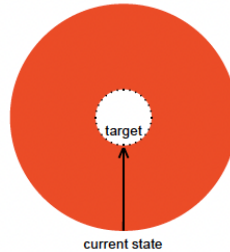


Accelerate efforts to phase down unabated coal power

Electricity generated worldwide from coal – the largest single source of carbon dioxide (CO₂) emissions from human activity – reached an all-time high in 2023. But a turning point could arrive soon: under today's policy settings, coal demand is projected to peak before the end of this decade and decline gradually. However, to meet global climate goals, a much faster decrease is necessary to be on track for 1.5 °C.

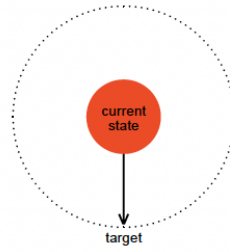


Transition away from fossil fuels in energy systems...



Due to the rapid growth of clean energy, peaks in demand for oil, natural gas and coal are now visible by 2030 under today's policy settings. Yet on a pathway to net zero by 2050, fossil fuel demand would need to decline by more than a quarter from 2022 levels by the end of the decade, enabled by rapid growth in clean energy – much faster than is currently projected under today's policy settings.

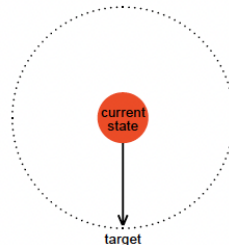
...in a just, orderly and equitable manner



Currently, clean energy investment in emerging and developing economies is lacklustre outside of China, indicating that these economies are missing out on clean energy opportunities. Clean energy investment in emerging and developing economies including China needs to triple from 2022 levels by 2030 on a pathway to net zero by 2050.

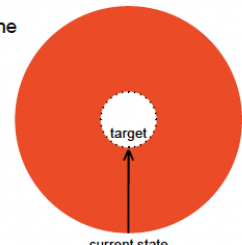
Accelerate zero- and low-emissions technologies

Low-emissions hydrogen and CCUS (carbon capture utilization and storage) capacity (including for direct air capture) need to rise strongly in the IEA's pathway to net zero by 2050. Nuclear power is a more mature technology, though capacity also needs to increase strongly by 2030 to reach net zero emissions by mid-century.

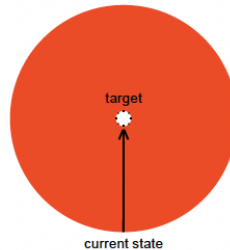


Substantially reduce methane emissions by 2030

The production and use of fossil fuels resulted in close to 120 million tonnes of methane emissions in 2023, equivalent to around 3.4 billion tonnes of CO₂. That is near the record high set in 2019. However, there are signs of progress, with transparency on emissions improving and policy action gaining momentum.

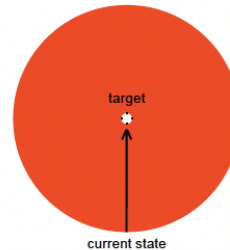


Accelerate the reduction of emissions from road transport



If the rate of growth in electric cars is sustained, it would be more than enough to align with the IEA's net zero pathway – though 2023 demand was notably concentrated in a handful of major markets and must be spread more broadly around the world. Unfortunately, global road transport emissions as such have not been decreasing in the selected period (2015–2023).

Phase out inefficient fossil fuel subsidies



At the height of the global energy crisis in 2022, fossil fuel subsidies soared. Those for natural gas and electricity consumption more than doubled compared with 2021, while oil subsidies rose by around 85%. The total value of subsidies declined in 2023 as some government provisions expired, while many others are tied directly to energy prices, which pulled back from record highs in many parts of the world.

Source: "COP28: Tracking the Energy Outcomes – IEA," <https://www.iea.org/topics/cop28-tracking-theenergy-outcomes>.



1.2.3 NDCs 3.0 under construction

The lamentable state of affairs including data from the first GST should serve as a reminder for states when preparing, for the third time now, their NDCs. Under the Paris Agreement, Parties are to submit these climate plans, individually declaring national efforts especially in terms of climate mitigation and adaptation, while collectively demonstrating the pace at which GHGs are to decline over the next few years. With the last round of NDCs submitted in 2020-2021 covering over 90% of global emissions, it is necessary that the so-called “third generation” of NDCs are ambitious, robust and inclusive,⁴² collectively aiming to reduce GHGs by 43% by 2030, relative to 2019 (as mentioned above). While the pathways towards climate neutrality will be different for individual Parties, based on their capabilities and national contexts, several high-integrity criteria should be fulfilled if the implementation roadmaps are to be aligned with the Paris Agreement. These criteria include: an explicit commitment to end fossil fuel expansion and foster a just economic transition, an NDC including economy-wide and sector specific targets, the backing of strong government policy, scaled-up climate finance as well as measures to protect and restore ecosystems and address food systems etc.⁴³

The largest economies, G20 countries, will be under scrutiny as they are currently responsible for over 80% of GHGs. At the same time, between 2014 and 2023, the US, the UK, Canada, Australia, and Norway awarded gas and oil exploration licenses that embodied five times more carbon emissions than the combined reserves awarded by all other oil- and gas-producing countries over the same period.⁴⁴ This is contradictory to the idea of “transitioning away from fossil fuels” and respecting the 1.5°C temperature limit. In fact, based on the latest analyses, and confirming IEA’s previous findings, there is “no room for new [oil and gas] fields in any credible 1.5°C-aligned scenario”⁴⁵ while “existing fossil fuel infrastructure is sufficient to meet energy demand in the vast majority of scenarios consistent with the 1.5°C objective”.⁴⁶ What is more, developing economies from the G20 group, like “China, Mexico, and Russia, are set to license the biggest volumes of oil and gas in the second half of 2024”.⁴⁷

In other words, the above-mentioned economically best-placed countries are leading in global oil and gas expansion whilst they are expected (and obliged under the Paris Agreement) to lead the energy transition. As a result, the tensions and accusations of hypocrisy will continue to dilute trust in international cooperation at COP29, where (insufficient) finance, the key enabler to climate action especially in developing countries, will be the main topic of discussion.

⁴² A number of initiatives track NDCs and their levels of ambition, e.g., Climate Action Tracker, NDC Partnership, ClimateWatch or NDC Equity Tracker.

⁴³ “10 tests for countries’ new climate plans that will make or break 1.5C - 350.org,” <https://350.org/wp-content/uploads/2024/09/FINAL-NDC-LETTER-1.pdf>.

⁴⁴ “July Edition | Carbon Minefields Oil and Gas Exploration Monitor - IISN,” <https://www.iisd.org/publications/newsletter/carbon-minefields-monthly-oil-gas-exploration-monitor-july-2024>.

⁴⁵ “No New Fossil Fuel Projects: The logical first step in a transition to clean energy - IISD,” <https://www.iisd.org/articles/insight/no-new-fossil-fuel-projects-logical-first-step-transition-clean-energy>.

⁴⁶ Fergus Green et al., No new fossil fuel projects: The norm we need, “Science Vol 384, Issue 6699 pp. 954-957.” <https://www.science.org/stoken/author-tokens/ST-1888/full>.

⁴⁷ “Carbon Minefields: Oil and gas exploration is surging to pre-Covid levels - IISD,” <https://www.iisd.org/articles/press-release/carbon-minefields-oil-gas-exploration-surging-pre-covid-levels#:~:text=China%2C%20Mexico%2C%20and%20Russia%20are,BP%20were%20the%20biggest%20investors>.



1.3 Main course: Negotiating the NCQG on climate finance

Knowing the sobering state of emissions reductions from the last chapter, the paper now delves into another popular agenda for COP29 that, just as emissions, makes the world heat up: finance, money, capital. This chapter focuses on the high-stakes negotiations for the NCQG on climate finance. Here, the challenges and contentious debates around financing levels, contributors, and the balance between mitigation, adaptation, and loss and damage, are analyzed in detail, to contextualize the NCQG which is set to replace the long-unattained USD 100 bn target.

The upcoming COP29 must deal with one of the most politically sensitive, obvious, but somehow overlooked and inadequately addressed causal linkages of the climate regime: the necessity to provide adequate funding to help decrease GHGs emissions and strengthen climate resilience, ideally in a socially just way. This central topic of the COP stems from an agreement from COP21 in Paris (2015), where Parties to the Paris Agreement decided that, prior to 2025, they “shall set a new collective quantified goal on climate finance from a floor of USD 100 bn per year, taking into account the needs and priorities of developing countries”.⁴⁸

The NCQC builds on the legacy of the COP15 in 2009, where Parties for the first time under the UNFCCC formally agreed that developed countries are to jointly mobilise USD 100 bn per year by 2020 for climate action in developing countries. However, the goal, whose deadline was shifted in 2015 to 2025, has so far been reached only in 2022.⁴⁹ The evident delays, the unclarity related to the accounting of climate finance, as well as the ever intensifying climate impacts fuel discussions on the hypocrisy of developed countries. This stems from their historical emissions, which have significantly contributed to today’s climate crisis and have not been “matched” with adequate climate finance enabling the most climate vulnerable to adapt and transition to low-carbon economies. The infamous track-record of unprovided finances by developed states and the long-term climate finance gap therefore translates into a trust deficit, with potential negative implications for the willingness of countries to cooperate during the climate negotiations and for multilateralism in a crisis-ridden world as such.

1.3.1 Past promises and sobering trends

The most recognised picture of climate finance provided is offered by the OECD.⁵⁰ Reflecting on countries’ reporting obligations and based on the latest data, the 2024 OECD thematic report⁵¹ highlights four distinct components of climate finance provided and mobilised by developed countries. Table 1 shows aggregate trends for 2013-2022 for the four components, whereas Image 2 depicts the provision and mobilisation of finances over time.

⁴⁸ UNFCCC. *Report of the Conference of the Parties on its twenty-first session, held in Paris from 30 November to 13 December 2015*. Paris: COP21, 2015.

<https://unfccc.int/resource/docs/2015/cop21/eng/10a01.pdf#page=2>

⁴⁹ “STATEMENT: OECD Report Shows Developed Countries Met the \$100B Goal for First Time - World Resources Institute,” <https://www.wri.org/news/statement-oecd-report-shows-developed-countries-met-100b-goal-first-time>.

⁵⁰ However, the OECD has been criticized especially by environmental organisations for their generous accounting practices allowing them to overstate the level of support the developed countries have actually provided. The organisation Oxfam provides shadow analyses, stressing, for instance, that most climate finance provided in the past years was not “new and additional” but was provided in the form of loans, “increasing the debt burden of the countries it is supposed to help”. Bertram Zagema et al. *Climate Finance Shadow Report 2023: Assessing the delivery of the USD 100 billion commitment (OXFAM, 2023)*, <https://policy-practice.oxfam.org/resources/climate-finance-shadow-report-2023-621500/>.

⁵¹ OECD. *Climate Finance Provided and Mobilised by Developed Countries in 2013-2022* (Paris: OECD Publishing: 2024), <https://doi.org/10.1787/19150727-en>.

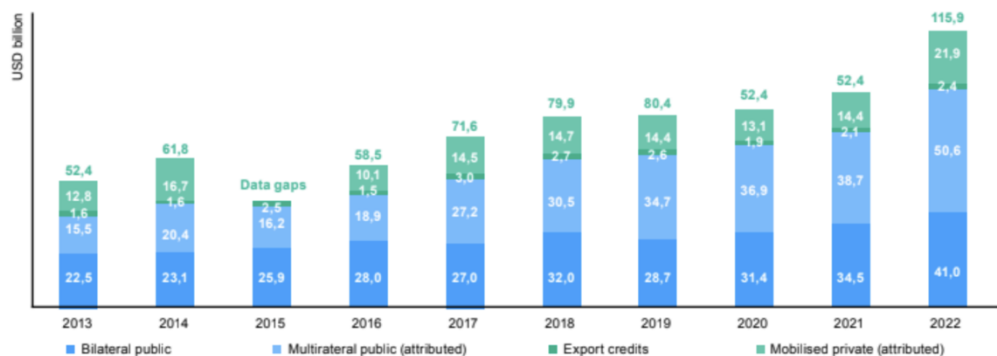


Table 1: Climate finance and aggregate trends for 2013-2022

Climate Finance	Aggregate trends for 2013-2022
<p>Bilateral public climate finance provided by developed countries' institutions, notably bilateral aid agencies and development banks;</p>	<p>Public climate finance (bilateral and multilateral attributable to developed countries) accounted for close to 80% of the total in 2022 and increased from USD 38 bn in 2013 to USD 91.6 bn in 2022. The increase between 2021 and 2022 was the most significant observed in a given year to date, both in absolute (a USD 18.5 bn rise) and relative terms (25%).</p> <p>Within public climate finance, multilateral public climate finance grew the most between 2013 and 2022, with a USD 35 bn (226%) increase driven by multilateral development banks (MDBs). Bilateral public climate finance grew by USD 18.5 bn (82%) over the same period.</p>
<p>Multilateral public climate finance provided by multilateral development banks and multilateral climate funds, attributed to developed countries;</p>	
<p>Climate-related officially supported export credits, provided by developed countries' official export credit agencies;</p>	<p>Climate-related export credits remain small and volatile in volume and, as a result, their share in the total was small throughout the observed period.</p>
<p>Private finance mobilised by bilateral and multilateral public climate finance, attributed to developed countries.</p>	<p>Private finance mobilised by public climate finance, for which comparable data are only available from 2016, grew from USD 14.4 bn in 2021 to 21.9 bn in 2022 (a USD 7.5 bn or 52% increase), following several years of relative stagnation.</p>

Source: OECD. Climate Finance Provided and Mobilised by Developed Countries in 2013-2022 (Paris, OECD Publishing: 2024), 6-7, <https://doi.org/10.1787/19150727-en>.

Image 2: Climate finance provided and mobilised in 2013-2022 (USD bn)



Source: OECD. Climate Finance Provided and Mobilised by Developed Countries in 2013-2022 (Paris, OECD Publishing: 2024), 6, <https://doi.org/10.1787/19150727-en>.



1.3.2 From Dubai to Baku

Despite the increase in climate finance over the past years, the amounts of funds mobilised are seen as vastly inadequate in light of the needs of the developing countries. In the latest report of the UN Secretary General on the impacts of loss and damage from the adverse effects of climate change on the full enjoyment of human rights, it was estimated that “the annual economic cost of loss and damage in developing countries alone amounted to at least \$435 bn in 2020, a figure that is expected to rise to at least \$580 bn by 2030, excluding non-economic losses and damages”.⁵² Needless to say, “the projected losses and damages escalate with every increment of global warming, while limiting global warming to 1.5°C would substantially reduce them”.⁵³

Concerns related to climate finance have also been reflected in the COP28's outcomes of the first GST.⁵⁴ Consensually agreed on by Parties, Annex 1 provides an overview of selected elements relevant for the NCQG, including on such topics as the financial gap, trillions of dollars per year needed by developing states, the necessity for new instruments, the role of the non-Party stakeholders, or the reform of the multilateral financial architecture. For one, Parties highlighted that the needs of developing country Parties, due to the increasing impacts of climate change compounded by difficult macroeconomic circumstances, and the support provided and mobilized for their efforts to implement their NDCs, are currently estimated at USD 5.8–5.9 trillion for the pre-2030 period. Also, it was agreed that developed country Parties should continue to take the lead in mobilizing climate finance from a wide variety of sources, while it is necessary to reform the multilateral financial architecture. At the same time, with the finance gap being so striking, the role of governments, banks and other financial actors was emphasized, for instance in accelerating the ongoing establishment of new innovative financial instruments, including taxation, for implementing climate action and enabling the scaling down of harmful incentives.

What are innovative financial instruments?

As “traditional” sources of finance (such as loans, climate bonds, concessional debts) are vastly inadequate and often seen as even undermining climate action in developing countries, new tools are identified that could lead to efficient climate adaptation and climate resilience. Examples of such tools include disaster risk instruments (catastrophe bonds, parametric insurance etc.), catalytic instruments (risk guarantees, regional insurance pools) or outcome based instruments (Adaptation benefits mechanism, Debt-for-nature swaps, nature-based credits etc.).⁵⁵

From blueprint to reality? At COP28, France, Kenya and Colombia launched an initiative to review the relationship between debt, nature loss and climate change. As the debt crisis in the poorest countries has spiraled, they have often been forced to increase extraction of natural

⁵² Human Rights Council. Analytical study on the impact of loss and damage from the adverse effects of climate change on the full enjoyment of human rights, exploring equity-based approaches and solutions to addressing the same. Report of the Secretary-General (New York: UN, 2024). <https://www.ohchr.org/sites/default/files/2024-08/a-hrc-57-30-aev.pdf>.

⁵³ Ibid.

⁵⁴ UNFCCC. Matters relating to the global stocktake under the Paris Agreement. Dubai: COP28, 2023. <https://unfccc.int/documents/636584>.

⁵⁵ “Climate adaptation and resilience needs more innovative funding – here’s how to design financing to unlock it - World Economic Forum,” <https://www.weforum.org/agenda/2024/02/climate-adaptation-and-resilience-innovative-funding/>. “Inventory of Innovative Financial Instruments for Climate Change Adaptation - NAP Global Network,” <https://napglobalnetwork.org/innovative-financing/?instrument=parametric-catastrophe-bonds>.



resources, further leading to biodiversity loss and reduced ability to face climate change and mitigate it via carbon sequestration.⁵⁶

1.3.3 Arising Areas of Ambiguity

At COP29, Parties should come together to negotiate the final form of the NCQG, building on on-going long-term discussions. Specifically, the COP serving as the meeting of the Parties to the Paris Agreement is mandated to “set an NCQG on climate finance from a floor of USD 100 bn per year, taking into account the needs and priorities of developing countries”.⁵⁷ Table 2 below provides a streamlined overview of the main predictable points of contention, including the divergent expectations that Parties will bring to the table over the goal’s multi-layered structural features. The table presents a simplified view of the developed country Parties’ and the developing country Parties’ perspective. However, the authors are aware of the diverse and more complex stances of Parties, as presented, for instance, in the updated input paper for the third meeting under the ad hoc work programme on the new collective quantified goal on climate finance⁵⁸ or the briefing note on the NCQG - Finding Common Ground, by Perspectives Climate Research and ECBI (both published in August 2024).⁵⁹

Table 2: Overview of points of contention and Parties’ perspectives on NCQG

NCQG	Key and related questions	Developing countries’ perspectives	Developed countries’ perspectives
Quantum?	What amount of climate finance should replace the annual USD 100 bn goal from 2009?	Needs-based, quantified in trillions from the start (minimum of USD 441 bn / 1.3 / X trillion per year by 2030)	Based on available finances, contributors, sources
For what specifically?	Will loss and damage be a separate thematic subgoal? If yes, will there be a balance between mitigation, adaptation, and loss and damage?	Adaptation, mitigation, loss and damage and subgoals (for country groups, grants, themes etc.)	Mitigation and adaptation
Quality?	Will new and innovative sources of funding (including financial instruments) be included? Will there be a specific goal for grants?	Fixed annual targets (in trillions). Demand deeply concessional climate finance and more international grant finance and non-debt instruments	Fixed target at the end of time frame, possibility of no renewal, a separate investment target

⁵⁶ “COP28: Nations to review debt interplay with nature, climate - Carbon Pulse,” <https://carbon-pulse.com/244545/>.

⁵⁷ United Nations, Updated input paper for the third meeting under the ad hoc work programme on the new collective quantified goal on climate finance. 2024.

https://unfccc.int/sites/default/files/resource/MAHWP3_updated_input_paper.pdf.

⁵⁸ Ibid.

⁵⁹ Ombuya et al. New Collective Quantified Goal on Climate Finance - Finding Common Ground. Perspectives Climate Research, ECBI: 2024. <https://perspectives.cc/wp-content/uploads/2024/08/NCQG-on-Climate-Finance-Briefing-Note.pdf>.



By whom?	Will the contributors' base be expanded? Shall high-emitting countries (G20) contribute?	Developed countries as the bearers of primary responsibility	Global effort, expanded base of donors
For whom?	Which parties will have access to funds?	All developing countries	Reduced list of recipients
Follow-up?	Will there be a review of the goal?	Goal to be updated in 2030	South-South cooperation should be reported
Principles?	What principles should be at the basis of the NCQG on climate finance?	Principles of equity; common but differentiated responsibilities and respective capabilities; historical responsibility; right to development; evolving needs and priorities of developing countries; just transitions; urgency to support ambition and implementation; climate justice; need for grants or grant-equivalent terms of new, additional, affordable, predictable, and adequate climate finance.	Needs and priorities of developing countries, and circumstances of people and communities on the frontlines of climate change; evolving nature of needs and capabilities; evolving common but differentiated responsibilities terms of cumulative emissions in the atmosphere and evolving nature of respective capabilities to contribute to address climate change; important role of private sector and need to strengthen policy guidance; wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance, in the context of meaningful mitigation action and transparency on implementation.

Due to the complexity of the issue at hand, other elements will also be discussed, including

- building on lessons learned from the USD 100 bn per year goal;
- the temporal scope (5-year cycle, 10-year cycle, long-timeframe aligned with net zero targets);
- the provision of international public finance (as opposed to wider mobilisation goal that includes private climate finance);
- the effective use of the climate finances provided;
- the harmonisation of access requirements across various sources of funding;
- the necessity to define climate finance;
- developed Parties' overdue payment of the USD 100 bn/year commitment;



- the special needs and circumstances of African States, the most vulnerable states, particularly small island developing states, least developed countries, and fragile and conflict-affected states, and overall equitable access to quality finance.

Last but not least, the mobilisation and provision of financial sources are tied to the discussion on the linkage between Article 9 and Article 2.1c of the Paris Agreement.

The negotiations on the NCQG are addressed under Article 9 of the Paris Agreement, however, some Parties stress its linkage with Article 2.1c of the Agreement and to one of its three overall targets, calling for “making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”. The main argument of these Parties (incl. the US, EU⁶⁰) is that Non-Parties should also contribute to the NCQG and that resources could be mobilised from various sources - public, private, domestic, international, and innovative. Other Parties stress that the linkage may “shift responsibility to developing countries’ domestic policies and introduce new conditionalities to the climate finance provided”,⁶¹ therefore diluting developed countries’ responsibility in light of their historic and current emissions. The linkage between Article 9, Article 2.1c and Czechia will be further explored in the following chapter.

1.3.4 Lessons learned from the USD 100 bn climate finance goal

The report *Rebuilding Confidence and Trust after the \$100 bn: Recommendations for the New Collective Quantified Goal (NCQG)*⁶² further explores five areas of the USD 100 bn experience where interpretations have notably diverged and which can provide valuable lessons for the NCQG negotiations. These areas of “toxic ambiguity” are:

- 1) The commitment that climate finance be ‘new and additional’, while enshrined in general terms, has been subject to divergent interpretations, with persistent questions and mounting resentment about whether claimed increases to climate finance are additional to, or in fact subtractive from, existing finance pledges and flows, including notably in development finance.
- 2) Ambiguity surrounds the question of fair shares of climate finance from individual developed countries, amid a variety of frameworks for effort-sharing. This makes it difficult to avoid generalizations about collective failure, inducing general mistrust, even where it would have been more constructive and accurate to attribute failures to specific countries.
- 3) Understandings continue to differ on what it means to ‘achieve a balance’ in finance between different thematic areas of climate action, amid divergent readings of Paris Agreement Article 9.4. Here, developed countries’ finance

⁶⁰ In its submission, the EU writes that the goal “should ensure that financial frameworks are able to enhance private investments, including by encouraging fiscal and economic levers consistent with our climate objectives, including phasing out fossil fuel subsidies, taxonomies, carbon pricing when appropriate and more broadly implementing Article 2.1(c). UNFCCC. Submission by the Czech Republic and the European Commission on behalf of the European Union and its Member States. Prague: 2022. https://unfccc.int/sites/default/files/resource/CZ-2022-10-31%20EU%20submission%20on%20the%20NCQG_to%20WPIEL.pdf.

⁶¹ Ombuya, Sherri, et al. *New Collective Quantified Goal on Climate Finance - Finding Common Ground*. Perspectives Climate Research, ECBI: 2024. <https://perspectives.cc/wp-content/uploads/2024/08/NCQG-on-Climate-Finance-Briefing-Note.pdf>.

⁶² Skounti, S. and Erzini Vernoit, I. *Rebuilding Confidence and Trust After the 100 billion: Recommendations for the New Collective Quantified Goal (NCQG)*. The IMAL Initiative for Climate and Development. Finance Working Group. 2024. https://media.odi.org/documents/060824Rebuilding_Confidence_and_Trust_after_the_100_billio n___Recommendations__lmmwzFT.pdf.



mobilization consistently favours mitigation, despite many developing countries having greater focus on adaptation and loss and damage.

- 4) Expectations around concessionality and grants versus non-concessional debt-based instruments is a major area of divergence between developed and developing countries. Here, most international climate finance to date has taken the form of loans, of which much is not even concessional.
- 5) Understandings diverge on the appropriate institutional channels for finance, notably the view from many developing countries that there is an under-emphasis of UN climate funds relative to multilateral development banks largely dominated by developed country shareholders. Here, they note ambiguity in COP Decision 1/CP.16 that 'a significant share of new multilateral funding for adaptation should flow through the Green Climate Fund'.

2 Implications for the EU and Czechia: Diverse Entry Points and Domestic Opportunities

This section stands on two pillars - one focused on the NCQG and its implications for the EU and the Czech context, and the other on diverse COP-related entry points relevant for climate and energy diplomacy.

The aim of the first pillar is to break down the NCQG into elements and issues that shed light on what the EU has already been doing in the context of climate finance and also what Czechia can do domestically and internationally and as part of the EU.

The purpose of the second pillar is to explore various climate and energy-relevant entry-points for climate action in selected thematic areas relevant for Czechia. These thematic areas include energy security, UN Security Council candidacy, business and trade, gender (in)equity, and young people's participation.

2.1 Expected Breakthrough: The NCQG and Bringing the Message Home

The conversation about the NCQG on climate finance may seem distant to countries such as the Czech Republic that contribute mere crumbs to the overall international budget via bilateral and multilateral donations. For one, in the last Green Climate Fund replenishing period, Czechia pledged USD 1 million a year (for the time period 2024-2027), translating into less than 10 US cents per head of population per year. Overall, the finances provided via both multilateral and bilateral channels range from CZK 200 to 300 million a year, well below the indicative climate finance target set by the Ministry of the Environment of the Czech Republic.⁶³

The seeming irrelevance of the negotiations on the NCQG for states of various sizes that lack climate leadership can be, though, easily dispelled. One tool that can guide the discussion is the OECD's overview⁶⁴ of potential options for how the roles of different actors, finance sources, and policy incentives could be reflected in the NCQG and its spirit, including on the domestic level. Based on the OECD

⁶³ For more information on climate finance and Czechia's contribution to the global efforts, see factsheet: Marková, Lucie. "Factsheet: Česko jako černý pasažér při financování klimatických opatření?" AMO:2023. <https://www.amo.cz/cs/klimatym/factsheet-cesko-jako-cerny-pasazer-pri-financovani-klimatickych-opatreni/>.

⁶⁴ Falduto, Chiara, et al. The New Collective Quantified Goal on climate finance: Options for reflecting the role of different sources, actors, and qualitative considerations. Paris, OECD: 2024. <https://doi.org/10.1787/7b28309b-en>. https://www.oecd-ilibrary.org/environment/the-new-collective-quantified-goal-on-climate-finance_7b28309b-en.



classification, the text below focuses on three clusters: 1) international support for climate action, 2) private finance mobilised and catalysed for climate action, and 3) domestic efforts by all Parties. The overview table of the potential elements and potential options is available in Annex 2.

Naturally, the number of possibilities of how various Parties can contribute to a sustainable, promising and realistic NCQG is immense, depending on such factors as the domestic institutional context and related climate-mainstreaming, climate leadership, power at various economic fora and in discussions with multilateral banks etc. The section below is therefore not exhaustive, but provides inspiration for steps the Czech Republic can take, domestically and as part of the EU.

Based on the OECD typology, each cluster will be briefly presented. The concepts “potential elements” and “issues” and their elaboration in separate columns are taken from the OECD typology. Information on the EU and the Czech Republic are examples of how the theoretical clusters are (in the context of the EU) or can be (in the context of Czechia) brought to life.

2.1.1 Cluster 1: International support for climate action

The table below focuses on international support for climate action, which captures “elements relating to the critical role of international public and non-commercial finance in supporting climate-related activities that offer limited financial returns, thereby contributing to increasing developing countries’ capacities to access and absorb climate finance, as well as to scaling up private finance. In simpler terms, the table below elaborates on the possibilities of the EU and Czechia contributing to climate action directly on the global level, whether via its support for a certain position at the UNFCCC, participation of domestic actors in international processes, or enabling action in related negotiations, such as on global tax.

Table 3: International support for climate action, the EU, and Czechia

Potential elements	Issues	Examples of EU's activities
Bilateral public finance	Reflecting the role of different Parties contributing to the NCQG	The European institutions contributed EUR 6.55 bn to the EU's overall amount of international climate finance in 2022, with EUR 4.03 bn bilateral public finance (all grants) committed by the European Commission, and with EUR 2.52 bn multilateral finance disbursed by the European Investment Bank. 30% of the European Commission public finance in 2022 has been directed to adaptation, 28% targeted mitigation measures, with the rest being cross-cutting finance, with dual benefits for adaptation and mitigation alike. ⁶⁵
Multilateral public finance	Reflecting the role of MDBs and multilateral climate funds	
Non-commercial finance contributions from non-Party stakeholders	Reflecting the role of non-Party stakeholders	The European Investment Bank and the European Bank for Reconstruction and Development are supported to be among the world's main financiers of climate action and environmental sustainability. ⁶⁶
Support for capacity building and technology	Providing incentives for capacity-	The Global Gateway Strategy and the external financing instruments are being implemented – the Neighbourhood,

⁶⁵ EC.COMMISSION STAFF WORKING DOCUMENT Consistency of financial flows with the Paris Agreement objectives – the EU navigating the transition towards climate neutrality and resilience. Brussels: EC, 2024. <https://data.consilium.europa.eu/doc/document/ST-12661-2024-INIT/en/pdf>.

⁶⁶ For more information see the document EC.COMMISSION STAFF WORKING DOCUMENT Consistency of financial flows with the Paris Agreement objectives – the EU navigating the transition towards climate neutrality and resilience. Brussels: EC, 2024. <https://data.consilium.europa.eu/doc/document/ST-12661-2024-INIT/en/pdf>.



transfer by Parties providing support and, potentially, non-Party stakeholders	building and technology transfer support	Development and International; Cooperation Instrument (NDICI-Global Europe) and the Instrument for Pre-Accession Assistance (IPA III), the two main tools for international climate finance as part of the EU Budget. ⁶⁷
Qualitative considerations that can help further strengthen the provision of public finance	Importance of different climate themes; Access to finance; Sustainability of debt burden; Enhancing effectiveness of support provided; Gender responsiveness and inclusivity	Considerable shares of the EU's and Member States' climate finance is extended through non-grant instruments, especially as loans. In 2022, 52% of all climate finance from the EU and Member states combined was extended via non-grant instruments. Around half (51%) of climate finance by EU Member States was extended as loans, while only 45% was extended as grants, with equity, guarantees and other instruments making up the remaining 4%. Also, only 18% of the total climate-related development finance committed by the EU and its Member States in 2021 was allocated to Least Developed Countries (LDCs). Further, in 2022, 37% of the climate finance provisioned by the EU and its Member States targeted adaptation activities. ⁶⁸ The EU is somewhat active in the field of climate-development-debt nexus, including organizing workshops. ⁶⁹ It supports international initiatives focused on global financial architecture reform, such as the Bridgetown Initiative. ⁷⁰

Potential elements	What can Czechia do? ⁷¹
Bilateral public finance	<p>It can support the EU position to use a two-tier approach that sets a commitment for developed countries to contribute to the NCQG and a slightly less stringent expectation on a separate category of non-traditional provider Parties. As loans are unsustainable, the NCQG could include sub-goals to secure a minimum level of public grant-based finance. The percentages of grants, concessional and non-concessional loans, and the grant equivalent of such instruments should also be monitored.</p> <p>Also, Czechia can reflect its role as a high GHGs emitting country and significantly increase public grant-based finances to its partner countries.</p>
Multilateral public finance	<p>Explicitly recall and recognise the important role of MDBs and multilateral climate funds in the provision of support for developing countries, and support the reform of the financial architecture (as called for via the Bridgetown Initiative, for instance).</p> <p>Also, Czechia can reflect its role as a high GHG emitting country and contribute adequately to the Green Climate Fund. One tool used to assess the fair contribution to the USD 100 bn goal was designed by the World Resources</p>

⁶⁷ Ibid.

⁶⁸ Larsen, Rasmus, et al. Assessing International Climate Finance by the EU and Member States: Key Insights for Shaping the New Climate Finance Goal. CAN Europe: 2024. <https://caneurope.org/content/uploads/2024/06/CAN-EU-climate-finance-report-2024.pdf>.

⁶⁹ Opiel, Annalena, et al. Confronting debt, climate change and poverty: Global financial architecture reform and the fiscal space of developing countries. European Parliament: 2024. [https://www.europarl.europa.eu/RegData/etudes/BRIE/2024/754456/EXPO_BRI\(2024\)754456_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2024/754456/EXPO_BRI(2024)754456_EN.pdf).

⁷⁰ Council of the European Union. Preparations for the 29th Conference of the Parties (COP29) of the United Nations Framework Convention on Climate Change (UNFCCC) (Baku, 11-22 November 2024) – Council conclusions. Brussels: 2024. <https://data.consilium.europa.eu/doc/document/ST-14459-2024-INIT/en/pdf>.

⁷¹ The options in each column and before the phrase “Also, [actor]...” are taken from Falduto, Chiara, et al. The New Collective Quantified Goal on climate finance: Options for reflecting the role of different sources, actors, and qualitative considerations. Paris, OECD: 2024. <https://doi.org/10.1787/7b28309b-en>. https://www.oecd-ilibrary.org/environment/the-new-collective-quantified-goal-on-climate-finance_7b28309b-en.



	<p>Institute.⁷² Based on the tool, if only OECD countries were to contribute to the USD 100 bn target, the Czech Republic would have to chip in with the 16th largest share of the 38 countries, namely USD 0.8 bn (if economic opportunities and the emissions footprint were to have equal weight and the total gross national income is taken into account). Interestingly, if roughly all countries in the world were to contribute to the target, the Czech Republic is in 25th place (!) in terms of fair contribution and should contribute USD 0.5 bn.</p>
<p>Non-commercial finance contributions from non-Party stakeholders</p>	<p>Encourage relevant actors (e.g., philanthropies) to provide financial support and encourage Parties to collaborate with non-Party stakeholders to enable their contribution towards the NCQG.</p> <p>Also, philanthropic foundations should be made aware of the climate finance gap and asked to contribute to the NCQG, including by supporting other actors directly involved in climate action on various levels of governance.</p>
<p>Support for capacity building and technology transfer by Parties providing support and, potentially, non-Party stakeholders</p>	<p>Recognise the role of capacity building and technology transfer to support developing countries achieving the goals of the Paris Agreement. Incorporate guidance on capacity building and technology transfer in the context of specific challenges or barriers faced by developed countries.</p> <p>Also, Czech non-governmental institutions, such as the Global Change Research Institute of the Czech Academy of Sciences (CzechGlobe) or People in Need, can aim to work with multilateral climate funds to help implement climate-related projects.</p>
<p>Qualitative considerations that can help further strengthen the provision of public finance</p>	<p>Support the position to set quantitative sub-goals for various thematic areas (e.g., mitigation, adaptation, loss and damage).</p> <p>Explicitly acknowledge and recognise that many developing countries face debt sustainability challenges, and that non-debt, but for example grant-based, instruments are critical to supporting developing countries</p> <p>Encourage or request Parties providing support to explore or scale up the use of instruments that incentivise climate action while improving debt sustainability (e.g., through Climate Resilient Debt Clauses or debt-for-climate swaps).</p> <p>Encourage Parties to strengthen monitoring, evaluation, and reporting mechanisms that systematically collect and analyse social and gender-disaggregated data on climate finance allocation and outcomes.</p> <p>Also, Czechia, the public and private sector, can explore options on how to implement debt-for-climate or debt-for-nature swaps⁷³ with countries that are indebted to Czechia, such as Sudan, Kazakhstan or Ukraine.⁷⁴</p> <p>Czechia can improve gender-mainstreaming of its climate projects in order to improve the effectiveness of finances spent abroad.</p> <p>Last but not least, Czechia can demand new regulations and policies to:</p> <ul style="list-style-type: none"> - phase out financing to fossil fuels and other high-emitting activities such as harmful industrial agriculture; - speed up the rapid and equitable phase-out of fossil fuel subsidies globally; - phase out fossil fuel lending by public finance institutions,

⁷² "Which Countries Should Pay for International Climate Finance? - World Resources Institute," <https://www.wri.org/insights/international-climate-finance-which-countries-should-pay>.

⁷³ One definition of debt for climate or debt for nature swaps is presented by the UNDP. "Heavily-indebted countries vulnerable to climate change are caught in a vicious circle: debt servicing reduces fiscal space for investments to address climate change. Meanwhile, climate change degrades productive capacity and triggers natural disasters (and expensive reconstruction), making it even harder for countries to service their debt. Debt swaps for climate and nature could be part of the answer, providing an incentive for creditors to participate in debt relief in exchange for environmental investments. That might bring in new money or new actors. They "could even create additional revenue for countries with valuable biodiversity by allowing them to charge others for protecting it and providing a global public good". "A new wave of debt swaps for climate and nature - UNDP," <https://www.undp.org/future-development/signals-spotlight-2023/new-wave-debt-swaps-climate-or-nature>.

⁷⁴ "Kolik nám kdo dluží? Česko má u jiných zemí pohledávky za 11,6 miliardy korun. - Aktuálně.cz," <https://zpravy.aktualne.cz/ekonomika/dluhy-statu-vuci-cesku-byly-ke-konci-lonskeho-roku-11-6-mili/r-7c9feod4d51411edageeac1f6b220ee8/>.



- create an effective UN Tax Convention to prevent tax avoidance, tax evasion, and illicit financial flows, and thus help strengthen the domestic capacity of developing states to address climate change risks.⁷⁵

2.1.2 Cluster 2: Private finance mobilised and catalysed for climate action (on an international level)

The role of the private sector in helping or enabling climate action in developing countries has been receiving increasing attention. Especially in the context of the NCQG on climate finance, a number of Parties and other relevant actors stress the importance of the private sector in scaling up resources for developing country Parties to mitigate climate risks and help transition to a low-carbon economy.

The public sector can create favourable conditions for the active role of the private sector in several ways, including via a range of public finance and policy interventions. What is more, under the Paris Agreement, the public sector's efforts to "mobilise" private finance for developing states is recognised and shall be reported on. Sources can be mobilised, for instance, by a set of financial instruments (grants, guarantees, insurance, etc.) or by "policy interventions", "capacity-building", "technology development and transfer", "technical assistance", etc.

Based on the OECD's categorisation, cluster 2 focuses on the role of public finance providers as well as other public interventions in contributing to scaling up private climate finance for climate action. Three subcategories are further identified:

- Private climate finance mobilised by public finance interventions - includes a direct and transparent relationship between the public finance mechanisms employed and subsequent mobilisation of private finance, allowing for straightforward tracking and decreasing the risk of double counting amongst various actors and their individual public finance interventions. Examples of such interventions include grants, loans, direct equity investments.
- Private climate finance catalysed by other types of interventions - focuses on the catalytic impact of a wider range of public interventions, including capacity building and public policies, within the context of broader enabling conditions, requiring complex assessments of indirect effects and influences typically difficult to separate out from one another or to quantify. Examples of such interventions include subsidy schemes, tax breaks, investment- and trade-related policies etc.
- Other activities falling into the grey zone between the two categories include capacity building grants or technical assistance.

Other public interventions aimed at broader policies to create enabling conditions for climate action and stemming from the Parties' domestic level are described in cluster 3. Examples of such interventions include investment- and trade-related policies or policies to help enhance political stability, legal environment, investment conditions or technology cost.

Table 4: Private finance mobilised and catalysed for climate action, the EU and Czechia

Potential elements	Private climate finance mobilised by public finance interventions	Private finance catalysed by other public interventions
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⁷⁵ Based on data and recommendations mentioned in ActionAid. European Finance Flows fuelling the climate crisis: The role of Article 2.1c under the UNFCCC. 2023. https://actionaid.org/sites/default/files/publications/european_finance_flows.pdf.



Issues	<p>Setting a quantified goal for private finance mobilisation</p> <p>Setting incentives for more effective private finance mobilisation by international providers, such as multilateral development banks</p>	<p>Setting incentives for the increased catalysation of private resources, including by advancing targeted policy interventions, improving regulatory frameworks, and fostering capacity-building initiatives.</p>
Examples of EU's activities	<p>Several instruments are used to mobilise private investments in EU partner countries. One of the most renowned is the Just Energy Transition Partnerships, identifying necessary policy changes to create an enabling environment for investments into the clean energy transition. Four JETPs have been negotiated so far (with South Africa, Indonesia, Viet Nam, Senegal). Other initiatives launched by the EU include the International Platform on Sustainable Finance, the High-Level Expert Group on scaling up sustainable finance in low- and middle-income countries, the Global Green Bond Initiative or the Sustainable Finance Advisory Hub. An example of an international initiative where the EU plays a role is the Climate Club Global Matchmaking Platform, a high-level forum for cooperation on accelerating climate action and increasing ambition, particularly in the field of industry decarbonisation.</p> <p>Another key activity is the continuous development, alignment and implementation of classification systems (taxonomy) in a unified manner across the EU and developing countries to streamline international private capital flows to environmentally sustainable activities.</p> <p>Another very specific example, in force since Sep 1, 2024, is the EU's very first Sustainable Investment Facilitation Agreement (SIFA), with Angola, which aims to stimulate foreign investments to achieve SDGs. As part of the Africa-EU Global Gateway Investment Package (EUR 150 bn), the SIFA should improve the business environment for Angolan investors and promote sustainable investment by EU businesses in Angola⁷⁶. However, the geo-politicisation and the linking of the bloc's development aid with its strategic interests has received criticism. It has been stressed that the EU's efforts to diversify Angola's economy beyond fossil fuels are set primarily to secure critical raw materials for the EU's own green transition, turning a blind eye to the supported projects' impacts on the local communities and environment.⁷⁷</p>	
What can Czechia do?	<p>Via the EU, support a quantified goal on private finance mobilisation.</p> <p>Join and actively participate in various fora, such as the Coalition of Finance Ministers for Climate Action or the Climate Club Global Matchmaking Platform. Interestingly, only 4 EU MS are not members of the Coalition, including Czechia. Czechia is also not part of the Climate Club⁷⁸.</p> <p>Czechia can actively join the Global Gateway, however, it should invest in modern and innovative projects that are aligned with climate and environmental objectives and do not contribute to harmful practices. It is questionable whether Czech investments into projects like the development of infrastructure to speed up mineral extraction (in Angola)⁷⁹ for the green transition fulfil these criteria, including in terms of social considerations.</p> <p>Czechia can also advocate for the inclusion of financial institutions and banks in the Corporate Sustainability Due Diligence Directive (CSDDD), currently granted an exemption, in order to identify climate-harming finance flows and activities of</p>	

⁷⁶ "EU's first Sustainable Investment Facilitation Agreement enters into force with Angola - European Commission," https://ec.europa.eu/commission/presscorner/detail/en/ip_24_4462?trk=feed-detail_comments-list_comment-text.

⁷⁷ For more information see "EU eyes access to critical raw materials in Angola investment deal - Euro News," <https://www.euronews.com/green/2024/09/02/eu-eyes-access-to-critical-raw-materials-in-angola-investment-deal> or Muller, Bettina, et al. The Raw Materials Rush: How the European Union is using trade agreements to secure supply of critical raw materials for its green transition, TNI: 2024, <https://www.tni.org/en/publication/the-raw-materials-rush>.

⁷⁸ For more information see <https://www.financeministersforclimate.org/> and <https://climate-club.org/>.

⁷⁹ "ANALÝZA: Síkelovo bruselské portfolio už má výraznou českou stopu - Newstream," <https://www.newstream.cz/politika/analyza-sikelovo-bruselske-portfolio-uz-ma-vyraznou-ceskou-stopu>.



these institutions across their global value chains. The rules should ensure that the institutions can identify and address human rights and environmental impacts of their actions inside and outside Europe.

The Czech National Bank (CNB) can join the Network for Greening the Financial System, currently consisting of 138 members. One of the network's aims is to globally mobilize mainstream finance to support the transition toward a sustainable economy.

2.1.3 Cluster 3: Domestic efforts by all Parties

Naturally, targeted domestic policies and measures can significantly contribute to scaling up climate finance on all levels of governance. In order to support the efficacy of the NCQG on climate finance, Parties' own domestic efforts can both systematically foster a positive reinforcement cycle to climate-mainstream their budgets and actually practice what they preach should be done at international fora, ultimately contributing to the mobilisation of resources "at a scale compatible with the financial needs for the achievement of the Paris Agreement's goals".⁸⁰

Based on the OECD's typology, the table below captures domestic efforts that can either directly finance climate action and mobilise private finance in developing countries, or help create policy, regulatory, and fiscal environments creating conditions that are conducive to investment for climate action.

⁸⁰ Falduto, Chiara, et al. The New Collective Quantified Goal on climate finance: Options for reflecting the role of different sources, actors, and qualitative considerations. Paris, OECD: 2024. <https://doi.org/10.1787/7b28309b-en>. https://www.oecd-ilibrary.org/environment/the-new-collective-quantified-goal-on-climate-finance_7b28309b-en.



Table 5: Domestic efforts by all Parties, including the EU and Czechia

Potential elements	Issues
Incentives for public climate budgeting and spending	Integrating climate change considerations into the planning, allocation, and spending of public finances
Incentives for strengthened enabling environments for climate-related investments	Addressing the role of public policy frameworks to support and enhance the mobilisation and catalysation of private finance
Incentives for the use of innovative instruments to raise further resources domestically	Exploring the use of innovative instruments in raising further resources

Examples of EU's activities	What can Czechia do? ⁸¹
<p>The EU's Climate Law obliges the EU institutions and Member States to implement measures in order for the EU to become climate neutral by 2050. The law aims to ensure that all EU policies contribute to this goal and that all sectors of the economy and society play their part.</p> <p>In order for the Climate Law to be implemented, the Fit for 55 legislative package includes various measures, such as the Carbon Border Adjustment Mechanism, EU Emissions Trading System, the Green Deal Industrial Plan and Net-Zero Industry Act etc.</p> <p>Also, a wide range of EU funding instruments exist that are aimed at reaching the Paris Agreement's goals. These instruments include the EU Cohesion Policy, InvestEU Programme, Horizon Europe, NextGenerationEU Green Bonds etc.</p> <p>The European Investment Bank has been issuing Green Bonds for the past 17 years and has since accumulated EUR 2 trillion. This enables investment in climate-relevant activities and increases their transparency.⁸²</p>	<p>With the year 2024 being critical for long-term climate strategies, Czechia should in its to-be-updated long-term climate and energy strategies implement recommendations summed up in the policy paper Green Transformation: Why Does Czechia Not Have a Plan?⁸³</p> <p>Czechia should commit to reaching climate neutrality by 2050 (at the latest), in line with the EU and other Member States. Building on EU initiatives, it should prepare a climate law, making the climate neutrality goal legally binding, and implement requirements stemming from the EU (in relation to ETS 2, for instance.) This cannot be done without genuine ownership and leadership of the Czech government and a well-designed strategic communication towards the public.</p> <p>Czechia should also avoid carbon lock-in by not investing into fossil fuel (incl. fossil gas) infrastructure and by minimising the funding of coal power plants.</p> <p>State spending can help strengthen the implementation of climate protection through public procurement. New binding guidelines for public procurement should take into account the principle of no significant harm to the environment and energy efficiency. The new public procurement criteria should be aligned with the CSRD and EU Taxonomy, monitored and evaluated, incl. at the municipal level.</p>
<p>The EU Sustainable Finance Framework, is built on three pillars:</p> <p>a classification system (or "taxonomy"), of</p>	<p>The CNB could join other European banks and publish climate-related financial disclosures. Currently, 20 Central banks of EU Member States publish the relevant information, with the CNB not among them.</p>

⁸¹ The options in each column and before the phrase "Also, [actor]..." are taken from Falduto, Chiara, et al. The New Collective Quantified Goal on climate finance: Options for reflecting the role of different sources, actors, and qualitative considerations. Paris, OECD: 2024. <https://doi.org/10.1787/7b28309b-en>. https://www.oecd-ilibrary.org/environment/the-new-collective-quantified-goal-on-climate-finance_7b28309b-en.

⁸² "From niche to mainstream - European Investment Bank," <https://www.eib.org/en/stories/15-years-green-bond>.

⁸³ Abel, Martin. Green Transformation: Why Does Czechia Not Have a Plan? Prague: AMO, 2024. https://www.amo.cz/wp-content/uploads/2024/10/POK-Policy-Paper_ENG-1.pdf.



sustainable activities; a disclosure framework for non-financial and financial companies, and investment tools, including benchmarks, standards and labels.⁸⁴

The taxonomy is an EU-wide classification system that defines criteria for economic activities that are aligned with a net zero trajectory by 2050 and with broader environmental goals other than climate. The EU disclosure regime is built on the Corporate Sustainability Reporting Directive (CSRD, based on European Sustainability Reporting Standards), the Sustainable Finance Disclosure Regulation (SFDR), and the Taxonomy Regulation.

The EU Paris-Aligned Benchmarks (EU PABs) and Climate Transition Benchmarks (CTB), help direct institutional investors' capital towards low-carbon assets, reflecting their greenhouse gas emissions reductions in line with IPCC's scientific evidence.⁸⁵

In 2023, the European Green Bond Standard (EGBS) was published, aiming to set a clear gold standard for green bonds.

In 2023, the European Central Bank and other Eurosystem central banks started collectively publishing climate-related financial disclosures to increase transparency, better understand portfolios' climate impacts, and make more well-informed decisions about achieving climate goals, and help others better understand climate risk and impacts.⁸⁶

The extension of the EU ETS to extra-EU aviation and from the maritime sector is also essential as well as the discussion on phasing out environmentally harmful subsidies. In particular fossil fuel subsidies, at the Union, national, regional and local level should be phased out without delay and a deadline should be set for the phasing out of fossil fuel subsidies, consistent with the ambition of limiting global warming to 1.5°C⁸⁸ (as required by the 8th Environment Action Programme).⁸⁹

Further, it should disclose a Green Asset Ratio (GAR) as mandated since 2024 for large listed banks, showing the share of EU Taxonomy-aligned assets in selected financial assets.

From 2025, new reporting obligations, in line with the CSRD, will apply to large companies, incl. banks. This should lead to more transparency and better understanding of transition risks, associated with transitioning to a lower-carbon economy, and can play a role in setting criteria in relation to public procurement, for instance. In September 2024, the European Commission opened infringement procedures with Czechia over its failure to communicate that it had not fully transposed the new CSRD into its national laws.⁸⁷ Therefore, Czechia should communicate the new obligations to businesses and should transpose the CSRD.

When supervising and regulating financial institutions, the CNB may take into account data reported under the CSRD and the climate risk management of individual banks, e.g. when setting capital requirements.

The State should issue green bonds aligned with the EGBS. This can help allocate sources gained to climate-relevant activities and can enhance and promote the use and credibility of these instruments also on international financial markets. Overall, this can help promote green banking.

Based on the analysis of legal regulations, analysis of the development of selected indicators and their comparison with the majority of EU countries, the Supreme Audit Office assessed that audited ministries in 2015-2018 did not prepare effective and efficient tax measures significantly supporting the fulfillment of the climate and energy policy objectives.⁹⁰ The conclusions are still relevant in 2024.

Only in 2020 the amount of implicit subsidies into fossil fuels reached more than CZK 220 bn. To put this into perspective, the most popular renewable energy subsidy programme New Green Savings has an allocation of CZK 39 bn for the period 2021-2030 and

⁸⁴ EC. Strategy for Financing the Transition to a Sustainable Economy. Strasbourg: 2021. <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021DC0390&from=EN>.

⁸⁵ "EU Climate Benchmarks - UNEPFI," https://www.unepfi.org/wordpress/wp-content/uploads/2022/02/Climate-Benchmarks_all-members-presentation.pdf.

⁸⁶ "Climate-related financial disclosures - European Central Bank," <https://www.ecb.europa.eu/ecb/climate/climate-related-financial-disclosures/html/index.en.html>.

⁸⁷ "Commission takes action to ensure complete and timely transposition of EU directives - European Commission," https://ec.europa.eu/commission/presscorner/detail/en/inf_24_4661.

⁸⁸ EC. COMMISSION STAFF WORKING DOCUMENT *Consistency of financial flows with the Paris Agreement objectives – the EU navigating the transition towards climate neutrality and resilience*. Brussels: EC, 2024. <https://data.consilium.europa.eu/doc/document/ST-12661-2024-INIT/en/pdf>.

⁸⁹ EP and Council of the EU. DECISION (EU) 2022/591 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 6 April 2022 on a General Union Environment Action Programme to 2030. Brussels: EU, 2022. <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32022D0591>.

⁹⁰ NKÚ. Kontrolní závěr z kontrolní akce 18/22 Podpora environmentální politiky v oblasti příjmů veřejných rozpočtů. Praha: NKÚ, 2019. <https://www.nku.cz/assets/kon-zavery/k18022.pdf>.



the programme for low-income households New Green Savings Light has a budget of only CZK 3 bn.⁹¹

Based on the above, the Government and relevant ministries should thus review the current use of public finance directed to decarbonisation and identify areas where it is possible to incorporate more financial instruments such as guarantees and loans (instead of subsidies), and develop a methodology for testing their additionality in order to make the support more efficient.

In sum, the Czech government should aim for an ambitious 2040 emissions target⁹², prioritize and strategically invest into climate measures that reflect international and EU commitments, are socially responsive, and reflect the needs of the most vulnerable.

2.2 Diverse opportunities and challenges for the EU and Czechia

Conferences of the UNFCCC are complex organisms, which comprise a variety of stakeholders, processes and activities. If looked at holistically, they might provide interesting opportunities as well as unique challenges. In this chapter, several thematic entry points are presented, linking possible topics of Czechia's interest to the 2024 (and possibly other) climate COP. Having these diversity of entry points in mind, it might be useful to reflect the potential of climate and energy diplomacy in syllabuses of institutions whose aim is not only to prevent conflict, but also to find agreement through negotiations and common ground (for instance, at the Diplomatic Academy of the Ministry of Foreign Affairs of the Czech Republic (MFA)).

2.2.1 Energy security

Ever since the Russian invasion of Ukraine, energy security has become a buzzword on the European stage as countries scrambled to halt imports of Russian oil and gas. Yet, more than two years after the Russian full-scale invasion of Ukraine, there are still dependencies on the country's supplies with around 15% of EU gas⁹³ and 4% of oil imports.⁹⁴ This is down to some countries, like Czechia, Slovakia and Hungary still holding exemptions on imports to cover demand.⁹⁵ According to Prime Minister Petr Fiala, Czechia will be ready to eliminate its oil dependency on Russia by mid-2025. This is supposed to be achieved by expanding the TAL+ pipeline.⁹⁶ The situation is

⁹¹ Davidová, Kateřina. Infolist k fosilním dotacím. Prague: CDE, 2023. https://www.cde-org.cz/media/object/2284/cde_fosilni_dotace_v3.pdf.

⁹² Zindulková, Kristina (ed.). 2040 Climate Target for Czechia: Current policy, ambition gap and sectoral analysis. Prague: AMO, 2024. https://www.amo.cz/wp-content/uploads/2024/06/AMO_2040_Climate_Target_for_Czechia_final.pdf.

⁹³ "Where does the EU's gas come from? - Consilium," <https://www.consilium.europa.eu/en/infographics/eu-gas-supply/>.

⁹⁴ "EU imports of energy products continued to drop in Q2 2023," Eurostat, September 25, 2024, <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20230925-1>.

⁹⁵ "Slovakia gets Czech backing for exemption to Russian-origin oil products," Reuters, November 24, 2023, <https://www.reuters.com/business/energy/slovakia-gets-czech-backing-exemption-russian-origin-oil-products-2023-11-24/>.

⁹⁶ "Czechia to be completely independent from Russian oil by mid-2025, confirmed Prime Minister," CEEnergy News, June 15, 2024, <https://ceenergynews.com/oil-gas/czechia-to-be-completely-independent-from-russian-oil-by-mid-2025-confirmed-prime-minister/>.



better with gas, as Czechia was able to secure capacity in an LNG terminal in the Netherlands,⁹⁷ yet Russian gas remains a cheaper option. Beyond fossil fuels, Fiala's government is looking to nuclear power development, with a recent tender⁹⁸ for the construction of two new reactors in the Dukovany plant going to South Korean KHNP. The PM has also advocated⁹⁹ for nuclear energy at COP28 by signing up to a pledge to triple global nuclear power generation by 2050. Together with renewables, this is the outlined path to eliminate imports of fossil fuels from Russia while transitioning to low-carbon energy generation. This is reflected in the Czech government's updated (but not yet adopted) strategic documents on energy¹⁰⁰ and climate protection¹⁰¹ alongside the National Energy and Climate Plan.¹⁰²

The TAL+ expansion is supposed to increase capacities for fossil fuel imports from Azerbaijan, which is conveniently hosting this year's climate COP. While preparations are underway, the country is at the same time upping production capacity of its fossil fuel industry. As stated earlier, the expansion in production comes mainly in reaction to increased demand from EU markets, with an 8 bcm increase planned¹⁰³ over the next 4 years. So the EU is not only driving up global demand, but it is also looking to expand fossil fuel infrastructure, like the TAL+, in order to ensure its supplies. This goes contrary to the goals of the Paris Agreement and the outcomes of the GST, where Parties agreed on a landmark decision to "transition away from fossil fuels in energy systems". Additionally, it goes against what is repeatedly being asked of many developing countries, to ditch fossil fuels in favour of renewable sources in their development strategy. The consequence for climate talks is further erosion of trust and further propagation of the developed/developing Party divide. Additionally, with another controversial COP Presidency, we will see how vocal the EU and Czechia can be about its shortcomings, if they depend on Azerbaijan to transition away from Russian supplies.

These realities obviously weaken the EU's position at the conference itself, with regard to the presidency and developing country Parties. With the most hotly contested item of COP29 being the NCQG, how will the EU persuade other countries to expand the donor base?¹⁰⁴ Will it be able to encourage developing Parties to submit more ambitious NDCs? And when it comes to language on fossil fuels in the final texts of the conference, will the EU be able and willing to put pressure on the presidency for its inclusion or strengthening? With an inability to effectively pursue its objectives the EU cedes territory to players like China, which is better able to drum-up developing Party support and is very quick to point out perceived

⁹⁷ Following the acquisition of the share in the LNG terminal, Czechia also secured the necessary transport capacity. It covers up to a third of the | MPO <https://www.mpo.gov.cz/en/guidepost/for-the-media/press-releases/following-the-acquisition-of-the-share-in-the-lng-terminal--the-czechia-also-secured-the-necessary-transport-capacity--it-covers-up-to-a-third-of-the---268734/>.

⁹⁸ Jason Hovet, "Czechs pick South Korea's KHNP over French bid in nuclear power tender", Reuters, July 17, 2024, <https://www.reuters.com/business/energy/czechs-pick-south-koreas-khnp-over-french-bid-nuclear-power-tender-2024-07-17/>

⁹⁹ Kevin Lu, "22 Countries Pledge at COP28 to Triple Nuclear Power," Factset, December 19, 2023, <https://insight.factset.com/22-countries-pledge-at-cop28-to-triple-nuclear-power>.

¹⁰⁰ "Státní energetická koncepce ČR (SEK) a související strategické dokumenty (27. března 2024)," <https://www.psp.cz/sqw/text/text2.sqw?idd=241000>.

¹⁰¹ "Politika ochrany klimatu v České republice - Ministerstvo životního prostředí," https://www.mzp.cz/cz/politika_ochrany_klimatu_2017.

¹⁰² "Aktualizace Vnitrostátního plánu České republiky v oblasti energetiky a klimatu | MPO," <https://www.mpo.gov.cz/cz/energetika/strategicke-a-koncepcni-dokumenty/aktualizace-vnitrostatniho-planu-ceske-republiky-v-oblasti-energetiky-a-klimatu--277532/>.

¹⁰³ "Azerbaijan's energy and climate policies dominated by gas export expansion plans," Zero Carbon Analytics, September 11, 2024, <https://zerocarbon-analytics.org/archives/energy/azerbaijans-climate-policies-dominated-by-gas-export-expansion-plans>.

¹⁰⁴ Matteo Civillini, "Tensions rise over who will contribute to new climate finance goal," Climate Home News, April 25, 2024, <https://www.climatechangenews.com/2024/04/25/tensions-rise-over-who-will-donate-to-new-climate-finance-goal/>.



developed country hypocrisies in order to exploit the north-south divide. After a two year dip, China is again increasing¹⁰⁵ its financing for renewables in Africa. The recent China-Africa Summit¹⁰⁶ in Beijing, where China announced USD 50.7 bn in financing for the continent, saw attendees from more than 50 African states. One of the main topics of the summit was the green energy transition, as China looks to strengthen its supply chains and develop new markets for high-tech and green technologies. It is doing so while at the same time ramping up its own investment in clean energy,¹⁰⁷ USD 890 bn in 2023, up 40% from 2022. Although the EU is building extensive partnerships in Africa,¹⁰⁸ maintaining trust is a much more fragile exercise, as we can see in its extreme in the Sahel region. The EU simply needs to hold itself to a much higher standard than China in order to maintain trust and that also goes for the climate agenda, especially when its importance is only set to rise in the future. Perhaps Czechia will also be more keen to look towards these partnerships as its commissioner-designate Josef Síkela is lined up to head this portfolio in the next European Commission.¹⁰⁹

The point here is that further investment into fossil fuels only shifts dependencies. The dependency on Azerbaijan is at this moment comparatively better than a dependency on Russia, as the former is not waging a war in Europe. However, it is not as easy as just switching suppliers. As mentioned before, Azerbaijan is upping imports of Russian gas¹¹⁰ and oil¹¹¹ for domestic consumption in order to meet export obligations, and according to a new analysis by Global Witness,¹¹² Russian oil is also being laundered for EU markets via an Azerbaijan-owned refinery operating in Turkey. This refinery alone supplied over 1.2 million tons of oil products to the EU during the first three months of 2024, which represents more than 1% of total oil imports¹¹³ into the whole EU and around one third of imports from Azerbaijan. Worryingly, these practices are effectively bypassing EU sanctions, diluting diversification efforts and channelling money into the Russian war chest.

When it comes to negotiations, these dependencies compromise the position of the EU and by extension Czechia in multilateral environmental processes in general, with COP29 likely being a strong example. Expansion of fossil fuel infrastructure is a very visible contradiction to the earlier cited outcome of the GST on energy systems and the EU can ill afford to be seen in this light if it wants to build coalitions for its agenda. A bet on nuclear generation might help to achieve the overall

¹⁰⁵ Anika Patel, "In-depth: China's finance for African renewables rebounds after two year lull," Carbon Brief, September 10, 2024, <https://www.carbonbrief.org/in-depth-chinas-finance-for-african-renewables-rebounds-after-two-year-lull/>.

¹⁰⁶ Paul Melly, "China shifts gear in Africa as it looks to a green future," BBC, September 7, 2024, <https://www.bbc.com/news/articles/cyor74j7j1wo>.

¹⁰⁷ Lauri, Myllivirta, "Analysis: Clean energy was top driver of China's economic growth in 2023," Carbon Brief, January 25, 2024, <https://www.carbonbrief.org/analysis-clean-energy-was-top-driver-of-chinas-economic-growth-in-2023/>.

¹⁰⁸ "Africa-Europe Green Energy - European Commission," https://international-partnerships.ec.europa.eu/policies/global-gateway/africa-europe-green-energy_en.

¹⁰⁹ "Commissioners-designate (2024-2029) - European" Commission https://commission.europa.eu/about-european-commission/towards-new-commission-2024-2029/commissioners-designate-2024-2029_en.

¹¹⁰ "Azerbaijan's gas exports to the EU face challenges," Economist Intelligence, July 10, 2024, <https://www.eiu.com/n/azerbajjans-gas-exports-to-the-eu-face-challenges/>.

¹¹¹ Lukáš Kovanda, Ph.D., "Česko od začátku invaze do letošního dubna dovezlo ruskou ropu celkem za 107 miliard korun. Může to být i ropa ázerbájdžánská", Kurzy.cz, July 25, 2024, <https://zpravy.kurzy.cz/777783-cesko-od-zacatku-invaze-do-letosniho-dubna-dovezlo-ruskou-ropu-celkem-za-107-miliard-korun-muze-to/>.

¹¹² "EU increases imports of Russian oil through Azeri back door | Global Witness," global witness, July 11, 2024, <https://www.globalwitness.org/en/campaigns/fossil-gas/eu-importing-more-russian-origin-fuel-azeri-refinery/>.

¹¹³ "EU imports of energy products - latest developments - Statistics Explained," https://ec.europa.eu/eurostat/statistics-explained/index.php?title=EU_imports_of_energy_products_-_latest_developments#Main_suppliers_of_petroleum_oils.2C_natural_gas_and_coal_to_the_EU.



goals of the Paris Agreement, however only eight¹¹⁴ developing country Parties have signed up⁵ to the tripling of nuclear power, two of which - Ukraine and the UAE - already have nuclear power plants. Thus, the initiative fails to approach a broader coalition or expand the number of states with new nuclear energy ambitions. As we can see from the example of China, investment in renewable energy sources, like wind and solar, is a strategy to bolster energy security,¹¹⁵ and it also enables China to implement this dimension in strategic partnerships with other countries, as demand for green technologies is rising. Will the EU be able to keep up with China's influence in this rapidly developing space, if it is seen as struggling to uphold its own commitments?

2.2.2 UN Security Council candidacy

In 2023, Czechia announced its bid to run for a seat in the UN Security Council for the 2032-2033 period¹¹⁶. This pins it in a race with Armenia, which is also set to challenge for the same period. Czechia, as an independent republic, was first elected to the Security Council in 1994, which was also the last time it has held this post. Since then, the country ran in the elections of 2007, but ultimately lost out to Croatia. To succeed this time around, it will need to garner a majority in the UN General Assembly, which at the moment comprises 193 members.

The UNFCCC and work in multilateral environmental processes more broadly, provides a unique opportunity to engage with countries that might not usually be in the Czech orbit, and for whom environmental issues are of paramount importance. A prime example of this is the group of Small Island Developing States,¹¹⁷ which comprises 39 members and a further 18 associate states. These countries face unique vulnerabilities to climate change, and solving them is imperative to their survival. If approached correctly, these countries can add a lot of votes to any candidacy. However, finding common ground requires demonstrating real commitment to the goals of the Paris Agreement, as empty promises will likely antagonise. Such commitment could be demonstrated by furthering mitigation ambition, or by supporting the aforementioned states in the fields of adaptation, technology transfer, finance or loss and damage. A similar approach could also be applied across countries in Africa or Southeast Asia, many of which are among the most vulnerable to climate change globally. Climate ambition might also be an interesting differentiating factor in comparison with Armenia, which has less capacity to provide incentives and is itself benefiting from climate measures being implemented under the EU's Eastern Partnership policy.¹¹⁸

2.2.3 Business and trade

COPs are not only negotiation rooms full of Party delegates, they are huge events with tens of thousands of participants from civil society, academia, media and

¹¹⁴ Claudia Carpenter, Eklavya Gupte, Jennifer Gnana, Ivy Yin, "COP28: 22 nations pledge to triple nuclear generation capacity by 2050," S&P Global, December 2, 2024,

<https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/electric-power/120223-cop28-22-nations-pledge-to-triple-nuclear-generation-capacity-by-2050>.

¹¹⁵ Maciej Kalwasiński, "China on the road to 'green' energy security," Centre For Eastern Studies, July 6, 2024,

<https://www.osw.waw.pl/en/publikacje/osw-commentary/2024-06-07/china-road-to-green-energy-security>.

¹¹⁶ Ian Willoughby, "Czechia to apply for non-permanent seat on UN Security Council," Radio Prague International, May 31, 2023,

<https://english.radio.cz/czechia-apply-non-permanent-seat-un-security-council-8784633>.

¹¹⁷ "List of SIDS | Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States," <https://www.un.org/ohrlls/content/list-sids>.

¹¹⁸ "Armenia - EU4Climate," <https://eu4climate.eu/armenia/>.



business. Last year at COP28, the conference saw an incredible 85,000 participants.¹¹⁹ Even if we consider COP28 as an outlier that will be very hard for any country to replicate, COP27 and COP26¹²⁰ still attracted around 40,000 participants each with around 100 pavilions holding events every single day of the conference. One of those also being the EU pavilion.

Whether through an own country pavilion, or through collaboration with others like the EU, the conference is a great opportunity to showcase national policy, business and science. To use a more infamous example, the fossil fuel lobby is consistently able to participate in huge numbers, COP28 recorded around 2500 individuals.¹²¹ Although this case can only be considered as a negative occurrence, it shows that there is ample opportunity to forge new partnerships and economic ties. Czechia should definitely explore this space more in order to promote the green technologies it has to offer or even look at other stakeholders for inspiration.

It is also an opportunity to engage with host countries. In the case of Azerbaijan, Czechia already exports digital technologies and cars worth about USD 135 million annually.¹²² As the country is looking to modernise, we can expect growing demand for goods and services that are needed for a digital and a green transition. With a huge participation of delegates from host countries, up to the highest levels of representation, COPs can be a very effective way to seek new ties with them. Additionally, with this being the first climate COP in the wider region of the South Caucasus, we can also expect a higher turnout from Azerbaijan's neighbours. A new tool¹²³ designed by the MFA could help clarify the business opportunities for Czech entrepreneurs and enterprises should they decide to explore the region's export and import potential.

Additionally, this COP presents a special window of opportunity for the Czech private sector. While 2024 is a finance year in climate negotiations, it is also the year of finance regulation toward transparency in all EU companies. Interestingly, this regulation increases transparency of non-financial indicators. Specifically, every large company with over 500 employees and 40 million EUR in net turnover and/or 20 million EUR in assets has to disclose non-financial data on environmental, social and governance criteria for the 2024 financial year to comply with the EU CSRD.¹²⁴ This step mandates the engagement of the private sector with climate data and risks and directly links the calculation of corporate carbon footprint to the active international bodies¹²⁵ at COP negotiations on a methodological level. In particular, the GHG Protocol is the most preferred global reporting protocol used by companies to transparently disclose their total annual emissions. However, for companies that disclose in the EU, the Protocol is already aligned with the European Sustainability Reporting Standards (ESRS), which are mandatory for companies falling under the scope of the CSRD.¹²⁶ Additionally, the mandatory non-financial audit of companies

¹¹⁹ Gökçe Günel, "Inside COP28: A Participant's Take on Climate Diplomacy Efforts in Dubai," Baker Institute for Public Policy, March 28, 2024, <https://www.bakerinstitute.org/research/inside-cop28-participants-take-climate-diplomacy-efforts-dubai>.

¹²⁰ "COP26: Together for our planet" <https://www.un.org/en/climatechange/cop26>.

¹²¹ Nina Lakhani, "Record number of fossil fuel lobbyists get access to Cop28 climate talks," The Guardian, December 5, 2023, <https://www.theguardian.com/environment/2023/dec/05/record-number-of-fossil-fuel-lobbyists-get-access-to-cop28-climate-talks>.

¹²² "Czechia (CZE) and Azerbaijan (AZE) Trade | The Observatory of Economic Complexity," <https://oec.world/en/profile/bilateral-country/cze/partner/aze>.

¹²³ "Mapa globálních oborových příležitostí - MFA," <https://publi.cz/books/3095/index.html#Cover>.

¹²⁴ "Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting," <https://eur-lex.europa.eu/eli/dir/2022/2464>.

¹²⁵ These are, for example, the World Resource Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

¹²⁶ "Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards," <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX:32023R2772>.



under CSRD, including the carbon footprint disclosure per the GHG Protocol, gives EU-based companies the upper hand to attract climate risk-aware investors. This is because for the first time, companies can supply investment institutions with unprecedented levels of verified data on environmental impact. Therefore, if Czech companies are to stay ahead of climate reporting trends - setting meaningful climate targets for 2050 or managing their speculative offset portfolio - they should at least keep an eye on COP29. Such companies that dare may travel to Baku to attract climate risk-aware investors, who often exhibit at the COP venue showcasing new international climate alliances they formed over the year.

2.2.4 Gender (in)equity

The nexus between climate change and gender has been receiving increasing attention since the adoption of both the UNFCCC and the Paris Agreement. However, climate institutions – and particularly in the Global North – have “been slow in recognition of gender and other climate-relevant social aspects”.¹²⁷ This includes not only various institutions under the UNFCCC, but also the expert Intergovernmental Panel on Climate Change, EU institutions, and national and local authorities in climate and energy relevant sectors (such as transport, industry, energy, etc.).¹²⁸ At the same time, both academia and practitioners stress the gendered impacts of climate change as well as the gendered impacts of climate policies that may further, unintentionally, increase inequity between genders. The AMO policy paper titled “Gender (in)equality in Czech climate policies: Linking measures in times of green and societal transformation”¹²⁹ and related factsheets shed more light on the necessity to transition away from gender-blind policies to gender-responsive ones. This means that they incorporate the experiences and needs of men and women, in all their diversity, and “address the underlying causes of vulnerability including gender inequality, gender relationships, power structures, social norms, and leadership.”¹³⁰

In order to increase the effectiveness, fairness and sustainability of climate measures and plans, the parties to the UNFCCC established in 2014 the Lima Work Programme on Gender (and later adopted an action plan). Its main aim was to advance gender balance and integrate gender considerations into the work of Parties and the secretariat in implementing the UNFCCC and the Paris Agreement so as to achieve responsive climate policy and action.¹³¹ The Programme was extended, reviewed and later replaced by a 5-year enhanced Lima Work Programme on Gender and its Gender Action Plan (at COP25). The action plan sets out objectives and activities under five priority areas, aiming to advance knowledge and understanding of gender-responsive climate action, its coherent mainstreaming in the work of all stakeholders on all levels, and women’s full, equal and meaningful participation in the UNFCCC process.¹³²

Moving from documents to the negotiating grounds, based on the latest data by the UNFCCC secretariat, over 80% of Parties referred to gender in their latest

¹²⁷ Magnusdottir, Gunnhildur, and Annica Kronsell, “Climate institutions matter: The challenges of making gender-sensitive and inclusive climate policies,” *Cooperation and Conflict* 59, no.3 (2024): 361-378. <https://doi.org/10.1177/00108367241230011>

¹²⁸ Ibid.

¹²⁹ Březovská, Romana, and Adela Syslová. *Genderová (ne)rovnost v českých klimatických politikách*. Prague: AMO, 2022. https://www.amo.cz/wp-content/uploads/2022/06/AMO_Genderova_nerovnost_v_ceskych_klimatickych_politikach-1.pdf.

¹³⁰ “Gender-responsive policies, strategies and financing - PreventionWeb,” <https://www.preventionweb.net/collections/gender-responsive-policies-strategies-and-financing>.

¹³¹ “Lima Work Programme on Gender - UNFCCC,” <https://www4.unfccc.int/sites/NWPStaging/Pages/Lima-Work-Programme-on-Gender.aspx>.

¹³² “The Enhanced Lima Work Programme on Gender - UNFCCC,” <https://unfccc.int/topics/gender/workstreams/the-enhanced-lima-work-programme-on-gender>.



NDCs and over 60% described efforts to strengthen institutional mechanisms for mainstreaming gender considerations across climate action. Interestingly, in comparison to developing countries, developed countries made only limited or no mention of gender in long-term low-emission development strategies.¹³³ In terms of gender composition, women tend to be underrepresented in Party delegations – only 36% of party delegates attending COP28 were women. There is also a clear relationship between age and women’s representation – “representation of women drops steeply as age increases”.¹³⁴ What is more, the fact that climate negotiations and related governance remain a male-dominated space is supported by numerous sources, including the Gender Climate Tracker.¹³⁵ Also, concerning leadership, only 15 out of the 133 world leaders participating in COP28 were women¹³⁶ and only 39% of heads and deputy heads of delegations to the most recent UNFCCC sessions were female.¹³⁷

At COP29, parties should conduct the final review of the Enhanced Lima Work Programme on Gender and its action plan, however, negotiations on gender and climate are far from a walk in the park. In fact, while there are disagreements over the use of gender-inclusive language and references to human rights, the question of specific financing for the activities in the action plan is also highly contentious, possibly putting at risk the possibility of the continuation of gender activities in 2025. Specifically, many Parties highlight the necessity to obtain finances to be able to implement activities described in the UNFCCC gender action plan, in their national climate-relevant gender plans, and to help fund gender negotiators or national gender and climate change focal points.¹³⁸

Several initiatives already exist that push for gender-responsive climate action. One of the latest was launched by the UAE Presidency, the COP28 Gender-Responsive Just Transitions and Climate Action Partnership, striving to, among other goals, drive gender-responsive just transition and support the sustainable and transformational impacts of adaptation, mitigation, and finance efforts. A list of 10 actions, ranging from the full incorporation of human rights of women and girls in just transition efforts to gender-responsive budgeting, may serve as a reminder of what specific actions should be taken up by all the signatories, including Czechia.¹³⁹

On the international scene, Czechia can step up its role in numerous ways. Based on the OECD data, in the period 2021-22 Czechia committed 20.1% of its screened bilateral allocable aid to gender equality and women’s empowerment as either a principal or significant objective (compared with the 2021-22 OECD-DAC average of 43.3%) and 8% of total bilateral allocable aid on climate change overall (OECD-DAC average was 30.5%).¹⁴⁰ Other UNFCCC-related channels that can be explored by Czech stakeholders to support women delegates include the UNFCCC’s

¹³³ UNFCCC. *Implementation of gender-responsive climate policies, plans, strategies and action as reported by Parties in regular reports and communications under the UNFCCC - synthesis report by the Secretariat*. UNFCCC, 2024. https://unfccc.int/sites/default/files/resource/cp2024_05_adv_1.pdf.

¹³⁴ UNFCCC. *Gender composition - report by the Secretariat*. UNFCCC, 2024. https://unfccc.int/sites/default/files/resource/cp2024_04_adv.pdf.

¹³⁵ “Women’s Participation on Party Delegations - Gender Climate Tracker,” <https://genderclimatetracker.org/womens-participation-party-delegations>.

¹³⁶ “COP28 - Only 15 out of 133 world leaders attending are women - CARE,” <https://www.careinternational.org.uk/press-office/press-releases/cop28-only-15-out-of-133-world-leaders-attending-are-women/>.

¹³⁷ UNFCCC. *Gender composition - report by the Secretariat*. UNFCCC, 2024. https://unfccc.int/sites/default/files/resource/cp2024_04_adv.pdf.

¹³⁸ Personal communication with an anonymous informant.

¹³⁹ COP28 Gender-Responsive Just Transitions and Climate Action Partnership - COP28,” <https://www.cop28.com/en/cop28-gender-responsive-just-transitions-and-climate-action-partnership>.

¹⁴⁰ “Development Cooperation Profiles - Czechia - OECD,” https://www.oecd-ilibrary.org/sites/4e4c3092-en/index.html?itemId=/content/component/5e331623-en&_csp_=b14d4f60505d057b456dd1730d8fcea3&itemIGO=oecd&itemContentType=chapter.



Trust Fund for Supplementary Activities and the Trust Fund for Participation, the Women Delegates Fund, or via bilateral cooperation.

Domestically, the climate-gender nexus is still under-researched, however, several rays of hope exist. For one, the recently updated Gender Equality Strategy for 2021-2030¹⁴¹ includes policies aiming, for instance, to strengthen the upskilling of women in new domains, including the energy sector, increase expert knowledge regarding gendered climate impacts, support research concerning the impacts of decarbonisation on vulnerable groups, prepare an analysis focusing on inequality between men and women in the energy sector (including reasons and solutions), and to include gender equity in communication campaigns on decarbonisation and the just transition. Whether gender will be mainstreamed in key Czech energy and climate strategic documents remains to be seen as their adoption has been deferred. A deeper dive on gender (in)equality and the (un)just transition in Czechia is presented in an output¹⁴² of the EU Mutual Learning Programme in Gender Equality, which, among others, stresses the OECD findings that as women account for 22% of workers in green jobs in Czechia, and are therefore “drastically underrepresented”, “a new gender divide” has been created.

2.2.5 Young people’s participation

It is now widely acknowledged that younger generations, alongside other marginalized groups, such as low-income communities, women or indigenous peoples, play a crucial role in climate change governance. On one hand, their growing global population offers potential for mobilisation on climate action: youth at COP are often perceived as vital drivers of change.¹⁴³ Around 70% of people aged 16-25 are highly concerned about climate change globally, and while the levels of concern rise significantly in developing countries, the trend of youth climate activism is growing globally.¹⁴⁴ On the other hand, this perception of youth only complements the positioning of youth and children by the IPCC as a group particularly vulnerable to climate impacts.¹⁴⁵ A child born in 2020 is to experience a two- to seven-fold increase in extreme weather events - notably heat waves and floods - compared with a child born in 1960 under current global climate commitments.¹⁴⁶ Either way, ensuring youth receive institutional, individual and political support to protect their human rights and increase their safety, has been a common aim that has both directly and indirectly shaped the results and processes of COPs.¹⁴⁷

¹⁴¹ Office of the Government of the Czech Republic. Gender Equality Strategy 2021-2030 (updated). Prague: Office of the Government of the Czech Republic, 2024.

<https://vlada.gov.cz/assets/ppov/rovne-prilezitosti-zen-a-muzu/Aktuality/Strategie-rovnosti-zen-a-muzu-na-leta-2021-2030-aktualizace-rijen-2024.pdf>.

¹⁴² Březovská, Romana. Synergies between gender equality and climate action - An Invisible String: Gender (In)Equality & (Un)Just Transition in Czechia. Comments paper - Czechia. The Hague: European Commission. 2024. https://commission.europa.eu/document/download/2418e282-doob-4d73-9446-9440a8d571b8_en?filename=mlp_cz_comments%20paper_february_2024_en.pdf.

¹⁴³ BBC News, “Children have right to clean environment - report,” August 28, 2023, <https://www.bbc.com/news/world-66637499>.

¹⁴⁴ Katharina Buchholz, “This chart shows global youth perspectives on climate change,” *World Economic Forum*, September 10, 2024, <https://www.weforum.org/agenda/2022/10/chart-shows-global-youth-perspectives-on-climate-change/>.

¹⁴⁵ IPCC, “FAQ 3: How will climate change affect the lives of today’s children tomorrow, if no immediate action is taken?,” *IPCC Sixth Assessment Report*, 2024 <https://www.ipcc.ch/report/ar6/wg2/about/frequently-asked-questions/keyfaq3/>.

¹⁴⁶ Wim Thiery, Stefan Lange, Joeri Rogelj, Carl-Friedrich Schleussner, Lukas Gudmundsson, Sonia I. Seneviratne, Marina Andrijevic, et al, “Intergenerational inequities in exposure to climate extremes,” *Science* 374, Nr. 6564 (2021): 158-160. doi:10.1126/science.abi7339, <https://doi.org/10.1126/science.abi7339>.

¹⁴⁷ Harriet Thew, Carrie Karsgaard, Marquardt, Cassie Rist and Leehi Yona, “Youth Participation in UN Climate Change Conferences: Challenges and Opportunities,” *COP26 Research Fellowship Policy Brief*, 2021,



Presidency Youth Climate Champion

In particular, the creation of Youth Climate Champions among the high-level COP Presidency roles may be the breath of fresh air needed to spotlight youth as drivers of climate action and a key vulnerable group. The end of COP28 marked the addition of this high-level role under the UNFCCC process for COPs to come. The Presidency Youth Climate Champion (PYCC), a representative strictly between the ages of 18 and 35, is to foster inclusive youth and children engagement in the decision-making and policy processes.¹⁴⁸ Acting on behalf of the COP Presidency, a Champion is appointed for a two-year term. In Baku at COP29, the Champion¹⁴⁹ will hold one of the six key roles in the Azeri Presidency team.¹⁵⁰ Simultaneously, attention is being paid to avoiding duplication of the agenda of the Youth NGO (YOUNGO) constituency to the UNFCCC,¹⁵¹ which has represented youth civic society at the COPs since 2009¹⁵². Still, issues of youth washing or youth tokenization with similar youth roles arise¹⁵³, questioning the intergenerational power dynamics in the whole climate regime and the motivation behind sparking change in the ambitions of the Azerbaijan Presidency.

Nevertheless, The Presidency Youth Champion's Work Plan of the UNFCCC¹⁵⁴ lays out recommendations also relevant to Czech policy-makers. The Work Plan recommends enhancing meaningful children and youth participation by, for example, providing support to design and implementation of children safeguarding measures, advocating for results of YOUNGO's Global Youth Statement and Youth Stocktake,¹⁵⁵ engaging with existing training programmes for children and youth negotiators and monitoring youth-led climate action.¹⁵⁶

Recommendations on youth participation for Czechia

The Czech public sector can build on the work of PYCC, YOUNGO and the United Nations Development Programme (UNDP) (Table 7) in the lead up to COP29 to further enhance national inclusion of youth and children in the UNFCCC process. However, it is important to note that Czechia is not flying to Baku without progress on this agenda. For example, a new Czech Youth Climate Delegate to the UN position was created under the UN Youth Delegate Programme. A result of joint efforts

<https://pcancities.org.uk/sites/default/files/COP26%20Youth%20Participation%20Policy%20Brief.pdf>.

¹⁴⁸ UNFCCC. Conference of the Parties (COP), "Report of the Conference of the Parties on its twenty-eighth session, held in the United Arab Emirates from 30 November to 13 December 2023. Addendum. Part two: Action taken by the Conference of the Parties at its twenty-eighth session," UNFCCC, 2024, <https://unfccc.int/documents/637071>.

¹⁴⁹The COP29 Presidency team overall includes two Champions: Presidency Youth Climate Champion and the Climate Change High-Level Champion for COP29.

¹⁵⁰ COP29, "The COP29 Presidency Team. COP29 Azerbaijan - United Nations Climate Change Conference," 2024, <https://www.cop29.az/en/teams>.

¹⁵¹ *ibid*

¹⁵² UNFCCC, "YOUNGO", UNFCCC, 2024, https://unfccc.int/topics/education-youth/youth/youngo-tab_home.

¹⁵³ Thew, Harriet, Carrie Karsgaard, Marquardt, Cassie Rist and Leehi Yona, "Youth Participation in UN Climate Change Conferences: Challenges and Opportunities," *COP26 Research Fellowship Policy Brief*, 2021, <https://pcancities.org.uk/sites/default/files/COP26%20Youth%20Participation%20Policy%20Brief.pdf>.

¹⁵⁴ UNFCCC, "Presidency Youth Climate Champion Work Plan 2024," UNFCCC, 2024, https://unfccc.int/sites/default/files/resource/COP_29_PYCC_work_programme.pdf.

¹⁵⁵ *Ibid*.

¹⁵⁶ Presidency events, "Filling the Gaps: A vision for the Meaningful Engagement of Children and Young People in NDC 3.0.," UNFCCC, June 5, 2024, <https://unfccc.int/event/filling-the-gaps-a-vision-for-the-meaningful-engagement-of-children-and-young-people-in-ndc-30-0>.



between Czech youth NGOs and ministries,¹⁵⁷ the position aims to further increase young peoples' say in decision-making on the existential climate issues and under the UNFCCC and the Paris Agreement. Additionally, the first-ever Czech Youth Panel¹⁵⁸ is currently completing its two-year term at the Ministry of Education, Youth and Sports (MEYS) with climate issues also having been raised by the participants. The panel, created to consult young people in the preparation of the analytical basis of the Conception on Youth 2025+, functions as an independent advisory body. Moreover, since the last COP28, the global civic society has produced concrete tools to amplify youth involvement in climate governance and compiled best practices of youth participation in climate-related activities, which Czechia may use as inspiration to build a stronger youth participation base. Suggested measures that relevant ministries or actors, such as MoE, MEYS, MFA and the Ministry of Finance (MF) can take to build on the work of PYCC, and other global actors, are presented in Table 6.

Table 6: Recommended activity facilitating youth engagement at UNFCCC by the Presidency Youth Climate Champion with selected tools and action points to enable youth participation in the Czech context

PYCC recommended activity ¹⁵⁹	Selected enabling tools and steps for the Czech public sector (UNDP, 2023; YOUNGO, 2024; Work Programme, 2024)
Involve young people in the review and implementation of the NDC 3.0 process	<ul style="list-style-type: none"> MoE should implement the document On Equal Terms: A Checklist for Decision Makers and Practitioners on a Youth-Inclusive NDC Process¹⁶⁰ by UNDP when arranging the first ever coordinated youth involvement in the NDC 3.0 process for the 2025 submission. MoE can also build on their experience from involving young people in the Operational programme Just Transition (OPJT) 2021-2027. The 2023 UNDP checklist can be adapted to the local Czech context and function as a guidance tool in all six critical stages of the NDC process, from the initial political decision to NDC implementation. MEYS, in cooperation with MoE, should recognize meaningful youth participation in the NDC 3.0 process as part of the key activities of participation discussed under the consolidation of the Conception on Youth 2025-2031¹⁶¹, the first Czech strategic document solely on youth. MoE may join the PYCC collaborative campaign for raising awareness and inspiring action to enhance the engagement of children and youth in the NDC 3.0 process¹⁶².
Review results of climate policy youth-led climate conferences and processes	<ul style="list-style-type: none"> ENGOs and youth NGOs should consult the recommendations and demands of the young global population from a youth-led process summarised in the YOUNGO Global Youth Statement 2023¹⁶³ and YOUNGO Youth Stocktake¹⁶⁴ and may advocate for issues of relevance to Czech youth.

¹⁵⁷ Soňa Polak, "Česká republika má nové mladé delegátky do OSN. A nově i klimatickou delegátku," *Adam*, May 24, 2024, <https://www.adam.cz/ceska-republika-ma-nove-mlade-delegatky-do-osn-a-nove-i-klimatickou-delegatku/>.

¹⁵⁸ "Panel mládeže - MŠMT", <https://msmt.gov.cz/mladez/panel-mladeze?lang=1>.

¹⁵⁹ UNFCCC, "Presidency Youth Climate Champion Work Plan 2024," UNFCCC, 2024, https://unfccc.int/sites/default/files/resource/COP_29_PYCC_work_programme.pdf.

¹⁶⁰ UNDP, "On Equal Terms: A Checklist for Decision Makers and Practitioners on a Youth-Inclusive NDC Process," 2023, <https://www.undp.org/publications/equal-terms-checklist-decision-makers-and-practitioners-youth-inclusive-ndc-process>.

¹⁶¹ Unofficial translation of "Konceptce ládeže". MEYS, "Konceptce pro oblast mládeže 2025+," 2024, <https://msmt.gov.cz/mladez/konceptce-pro-oblast-mladeze-2025>.

¹⁶² UNFCCC, "Presidency Youth Climate Champion Work Plan 2024," UNFCCC, 2024, https://unfccc.int/sites/default/files/resource/COP_29_PYCC_work_programme.pdf.

¹⁶³ YOUNGO, "Global Youth Statement," November 2023, <https://www.coy18uae.org/global-youth-statement>.

¹⁶⁴ YOUNGO, "Youth Stocktake of UNFCCC Processes 2023," December 2023, <https://unfccc.int/documents/636004>.



	<ul style="list-style-type: none">• MEYS can engage with the above mentioned documents in the first-ever Czech Youth Panel¹⁶⁵ currently consolidated at the ministry.• MoE should reflect, where relevant, the YOUNGO Negotiations-Aligned Recommendations¹⁶⁶ for individual COP29 agenda points put together by global youth in its negotiation position in Baku as a way to incorporate innovative solutions and increase intergenerational justice in climate negotiations.
Engage with existing training programs for children and youth negotiators	<ul style="list-style-type: none">• MoE should offer their young climate negotiators the possibility to join the Climate Youth Negotiator Programme to help contribute to a stronger young UNFCCC negotiators community and facilitate learning experience.• MoE, MFA and MEYS should define the role of the Czech Youth Delegates to the UN, or, more specifically, the newly created mandate of the Czech Youth Climate Delegate to the UN in the ongoing revision of the strategic document Climate Protection Policy of the Czech Republic, including the Delegate's active engagement in the Czech delegation and in preparatory meetings relevant to the climate negotiations.
Support climate education and training	<ul style="list-style-type: none">• MFA should include climate and energy diplomacy training as part of the Diplomatic Academy for all future diplomats.• The Czech government should declare support to the UNESCO Greening Education Partnership (2022) on at least one of the four pillars (Greening Schools, Greening Learning, Greening Capacity, and Greening Communities) that lead to transformative education.• MEYS and Czech ENGOs should conduct a gap analysis and cost-benefit analysis of aligning goals of existing local initiatives on climate education to the defined activities of the Greening Education Partnership. For example, the UNESCO Green school quality standard¹⁶⁷ could be analysed as a source of inspiration and compared with relevant Czech documents¹⁶⁸ to explore a new direction for climate education in Czechia.

¹⁶⁵ "Panel mládeže – Ministerstvo školství, mládeže a tělovýchovy České republiky," <https://msmt.gov.cz/mladez/panel-mladeze>.

¹⁶⁶ YOUNGO, "Global Youth Statement: Declaration for Climate Justice Negotiations Aligned Demands, expected November 2024," <https://drive.google.com/file/d/1ZIPdKTLOR8agVkeX2MxKQkq5K2bil2oY/view>.

¹⁶⁷ UNESCO. Green school quality standard: greening every learning environment. Paris: UNESCO, 2024. <https://unesdoc.unesco.org/ark:/48223/pf0000390028>.

¹⁶⁸ Such as MoE. Příloha: Akční plán na léta 2022–2025 ke Státnímu programu environmentálního vzdělávání, výchovy a osvěty a environmentálnímu poradenství na léta 2016–2025. Prague: MoE, 2021. [https://www.mzp.cz/C1257458002FoDC7/cz/environmentalni_vzdelavani_poradenstvi/\\$FILE/OF-DN-AP%20EVVO_22_25-20012022.pdf](https://www.mzp.cz/C1257458002FoDC7/cz/environmentalni_vzdelavani_poradenstvi/$FILE/OF-DN-AP%20EVVO_22_25-20012022.pdf).



Conclusion

This paper shows that the road to COP29 is paved both with challenges and opportunities, for global actors and the European Union and Czechia alike. The stakes to conclude the negotiations in Baku, particularly on NCQG on climate finance, are higher than ever. On one hand, low-income countries seek to find trust in the COP process as lack of promised finances for adaptation, mitigation, and loss and damage is a key disabler of meaningful climate action. Simultaneously, developed countries are in search of an innovative answer to the overarching question of this COP: who pays for what? Demanding and delivering urgent climate action requires reflexivity, political courage, and a transparent chain of accountability. Achieving real progress also demands honest cooperation between Parties and non-Parties, a systematic focus on justice-related issues, and a commitment to overcoming path-dependencies, the entrenched positions on ways to proceed. Ultimately, climate leaders must also have the skill to frame complex and ambitious negotiation outcomes as a "good enough deal" for citizens and voters. Therefore, a successful COP also requires all these elements being blended in just the right proportions to serve as a satisfactory outcome, which is a non-trivial task. However, the possibility of not delivering on key areas of COP29 would feed into the doubts of sceptics that wonder whether global cooperation can still beat global competition in 2024 - an outcome societies around the world should not be willing to tolerate. As cooperation and multilateralism are key ideas propelling global climate governance under the UNFCCC, COP29 can therefore serve as a litmus test. All this is set to play out in the context of global instability, a global year of elections, and an unprecedented number of broken temperature records.

Can the international community deliver on its goal to redirect global financial flows toward low-carbon assets? The Azeri Presidency, despite its fossil interests and history, can still leave a lasting legacy. Should it successfully navigate the delicate balance between finance provision, fossil fuel phase-out, and equitable climate action, Baku might be remembered for the first big climate deal baked in the Caucasus. For the EU and Czechia, COP29 offers a platform to amplify the image of climate leadership the EU likes to paint, by channelling global investments into low-carbon and climate-resilient development. Parties such as Czechia may not play first fiddle at the financial global stage, yet what matters is how they translate global ambition into domestic policies and enforce them, further creating a positive feedback loop transcending borders. In sum, COP29 and the third generation of NDCs will not only be critical milestones in addressing climate change, but also a mirror we turn on ourselves.



Annexes

Annex 1 - Selected information on means of implementation and support, specifically finance

- Noted with deep regret that the goal of developed country Parties to mobilise jointly USD 100 bn per year by 2020 in the context of meaningful mitigation actions and transparency on implementation was not met in 2021
- Highlighted, that “the growing gap between the needs of developing country Parties, in particular those due to the increasing impacts of climate change compounded by difficult macroeconomic circumstances, and the support provided and mobilised for their efforts to implement their nationally determined contributions, highlighting that such needs are currently estimated at USD 5.8–5.9 trillion for the pre-2030 period”;
- Highlighted that the adaptation finance needs of developing countries are estimated at USD 215–387 bn annually up until 2030, and that about USD 4.3 trillion per year needs to be invested in clean energy up until 2030, increasing thereafter to USD 5 trillion per year up until 2050, to be able to reach net zero emissions by 2050. However, “the adaptation finance gap is widening, and [that] current levels of climate finance, technology development and transfer, and capacity-building for adaptation remain insufficient to respond to worsening climate change impacts in developing country Parties.”
- Noted that scaling up new and additional grant-based, highly concessional finance, and non-debt instruments remains critical to supporting developing countries, particularly as they transition in a just and equitable manner, and recognizes that there is a positive connection between having sufficient fiscal space, and climate action and advancing on a pathway towards low emissions and climate-resilient development
- Recognized the role of the private sector and highlighted the need to strengthen policy guidance, incentives, regulations and enabling conditions to reach the scale of investments required to achieve a global transition towards low greenhouse gas emissions and climate-resilient development and encouraged Parties to continue enhancing their enabling environments;
- Developed country Parties should continue to take the lead in mobilizing climate finance from a wide variety of sources;
- Noted the diversity of definitions of climate finance in use by Parties and non-Party stakeholders in the context of aggregate accounting of and reporting on climate finance
- Underscored the importance of reforming the multilateral financial architecture
- Emphasized the role of governments, central banks, commercial banks, institutional investors and other financial actors with a view to improving the assessment and management of climate-related financial risks, ensuring or enhancing access to climate finance in all geographical regions and sectors, and accelerating the ongoing establishment of new and innovative sources of finance, including taxation, for implementing climate action and thus enabling the scaling down of harmful incentives.

Source: UNFCCC. Matters relating to the global stocktake under the Paris Agreement. Dubai: COP28, 2023.
<https://unfccc.int/documents/636584>



Annex 2 - Overview of possible options for reflecting different elements in the NCQG

Table 1. Overview of possible options for reflecting different elements in the NCQG

Clusters	Potential elements	Issues	Possible options	
Cluster 1 – International support for climate action	Bilateral public finance	Reflecting the role of different Parties contributing to the NCQG	Using a two-tier approach that sets a commitment for developed countries to contribute to the NCQG and a slightly less stringent expectation on a separate category of non-traditional provider Parties. Setting a commitment for a broader pool of provider Parties, including developed countries. Setting a commitment for a set of provider Parties based on meeting specific criteria to contribute to the NCQG. Encouraging voluntary contributions from “other Parties” as part of the NCQG’s global effort. Setting an aspirational or quantitative target for voluntary contributions from “other Parties” as part of the NCQG’s global effort.	
	Multilateral public finance	Reflecting the role of MDBs and multilateral climate funds	Setting a specific target for public climate finance provided via multilateral channels. Explicitly recalling and recognising the important role of MDBs and multilateral climate funds in the provision of support for developing countries.	
	Non-commercial finance contributions from non-Party stakeholders	Reflecting the role of non-Party stakeholders	Encouraging relevant actors (e.g., philanthropies) to provide financial support. Encouraging Parties to collaborate with non-Party stakeholders to enable their contribution towards the NCQG.	
	Support for capacity building and technology transfer by Parties providing support and, potentially, non-Party stakeholders	Providing incentives for capacity-building and technology transfer support	Recognising the role of capacity building and technology transfer to support developing countries achieving the goals of the Paris Agreement. Incorporating guidance on capacity building and technology transfer in the context of specific challenges or barriers faced by developed countries.	
		Importance of different climate themes	Encouraging Parties contributing to the NCQG to dynamically reflect both the sustained importance of mitigation and growing importance of adaptation and/or loss and damage in their provision of support in the context of the NCQG. Setting quantitative sub-goals for one or more thematic areas (e.g., mitigation, adaptation, loss and damage)	
		Access to finance	Requesting Parties contributing to the NCQG to provide clear documentation and guidance on the access modalities of their bilateral climate finance. Calling on international providers, including MDBs and multilateral climate funds, to facilitate enhanced and simplified access to financial resources. Establishing goals for financial resources to be allocated to groups of developing countries that face significant barriers to access.	
	Qualitative considerations that can help further strengthen the provision of public finance	Sustainability of debt burden	Explicitly acknowledging and recognising that many developing countries face debt sustainability challenges, and that non-debt instruments are critical to supporting developing countries Encouraging Parties and other relevant stakeholders to make progress on efforts related to debt sustainability in parallel processes Encouraging or requesting Parties providing support to explore or scale up the use of instruments that incentivise	

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Clusters	Potential elements	Issues	Possible options
Cluster 2 – Private finance mobilised and catalysed for climate action*	Private climate finance mobilised by public finance interventions	Enhancing effectiveness of support provided	climate action while improving debt sustainability (e.g., through Climate Resilient Debt Clauses (CRDC) or debt-for-climate swaps)
			Including quantitative goals on the provision of non-debt finance for non-commercially viable activities in specific developing countries groupings, e.g., SIDS, LDCs, or developing countries with high debt sustainability risk
			Recalling the ETF's request for developing countries to report information on the impacts and estimated results of climate finance received
			Encouraging Parties contributing to the NCQG to support developing countries in their efforts of tracking the impacts and effects of financial support received, for example through dedicated capacity-building activities.
Cluster 3 – Domestic efforts by all Parties	Incentives for public climate budgeting and spending	Gender responsiveness and inclusivity	Encouraging Parties contributing to the NCQG, MDBs, and multilateral climate funds to enhance their efforts in reporting information on the results and impacts of their climate finance projects.
			Encouraging Parties and other relevant stakeholders to take into account considerations related to vulnerable groups in their climate finance efforts.
			Encouraging Parties to strengthen monitoring, evaluation, and reporting mechanisms that systematically collect and analyse social and gender-disaggregated data on climate finance allocation and outcomes.
			Setting a quantified, absolute goal for Parties contributing to the NCQG to mobilise private climate finance, including through multilateral institutions.
Cluster 2 – Private finance mobilised and catalysed for climate action*	Private climate finance mobilised by public finance interventions	Setting incentives for the effective private finance mobilisation by international providers	Calling on Parties and international providers to enhance the effectiveness of their mobilisation strategies.
			Calling on the MDBs to strengthen their mobilisation potential while avoiding unintended consequences on wider development priorities
			Setting the basis for strengthening co-ordination and collaboration between different actors.
			Recalling the importance of regular and granular reporting on the mobilisation of private climate finance
Cluster 3 – Domestic efforts by all Parties	Private finance catalysed by other public interventions	Setting incentives for the increased catalysation of private resources	Recognising the importance of scaling up private finance to achieve the goals of the Paris Agreement, including through policy support, capacity building, and other approaches.
			Setting an aspirational goal for Parties contributing to the NCQG to strengthen capacity building and co-operation efforts with developing countries on regulatory environments and policies conducive to scaling up private investments for climate action.
			Encouraging Parties receiving support to evaluate the financial implications of implementing their national climate plans e.g., Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs) as part of their budget planning
			Encouraging Parties to adopt a long-term perspective in their budget planning processes to effectively integrate climate considerations into their national development agendas
Cluster 3 – Domestic efforts by all Parties	Incentives for strengthened enabling environments for climate-related investments	Addressing the role of public policy frameworks to support and enhance the mobilisation and catalysation of private	Encouraging the adoption of regulatory measures to boost private sector investments
			Incentivising climate-related financial transparency and risk disclosure
			Promoting the use of fiscal instruments to incentivise climate investment and disincentivise high-GHG and non-resilient activities

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Clusters	Potential elements	Issues	Possible options
	Incentives for the use of innovative instruments to raise further resources domestically.	Exploring the use of innovative instruments in raising further resources	Recognising the potential impact of certain domestic policies on the ability of other countries to attract climate finance. Encouraging the use of innovative financial instruments to raise resources domestically for climate action and sustainable development.

Note: * Under the Paris Agreement, public sector efforts are defined as "mobilising" private finance. Accordingly, private climate finance can be reported as mobilised by financial instruments (e.g., grants, guarantees, insurance) or by policy interventions, capacity-building, technology development and transfer, technical assistance, and other means. Empirical evidence and practical experience in tracking and assessing climate-related financial flows and their drivers highlight the importance of distinguishing between the specific role of public finance instruments in mobilising private finance, and the combined catalytic effect of a broader range of public interventions (including capacity building, public policies).

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Source: Falduto, Chiara, et al. The New Collective Quantified Goal on climate finance: Options for reflecting the role of different sources, actors, and qualitative considerations. Paris, OECD: 2024.

<https://doi.org/10.1787/7b28309b-en>.https://www.oecd-ilibrary.org/environment/the-new-collective-quantified-goal-on-climate-finance_7b28309b-en



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