

## **COP29 Deal on Climate Finance: Collective Action Needed from South Asia**

Puspa Sharma



### **Summary**

*The outcome of the 29<sup>th</sup> Conference of the Parties to the United Nations Framework Convention on Climate Change has not been as expected. The developed countries' pledge falls much short of the estimated financing requirements necessary to take climate action by the developing countries. India has rejected the deal, claiming it lacks consensus and the pledge being merely an "optical illusion". Since it is a deal nevertheless, the South Asian countries need to work together to ensure its operationalisation and continue to press the developed countries for additional climate finance.*

The 29<sup>th</sup> Conference of the Parties (COP29) to the United Nations Framework Convention on Climate Change took place in Baku, Azerbaijan, from 11 to 24 November 2024. Although the original plan was to conclude the conference on 22 November 2024, the negotiations were extended by 30 hours. Dubbed the 'Finance COP', all eyes were set on the outcomes of COP29 to see whether and what it would deliver on climate finance.

In the final hours of the extended negotiations, the developed countries announced that they would triple their earlier commitments of US\$100 billion (S\$137 billion) per year in climate finance by 2025 to [US\\$300 billion \(S\\$411 billion\) per year by 2035](#). While this appears as making the COP29 a success, the newly pledged amount is only about a third of the external climate finance requirements of the emerging markets and developing countries (EMDCs) other than China.

According to a report by the [Independent High-Level Expert Group on Finance](#), the EMDCs, other than China, will need a total of US\$2.3-2.5 trillion (S\$3.1-S\$3.4 trillion) per year by 2030 and US\$3.1-3.5 trillion (S\$4.18-4.72 trillion) by 2035 to contribute to the goals of the Paris Agreement. Of these requirements, US\$1 trillion (S\$1.37 trillion) per year by 2030 and US\$1.3 trillion (S\$1.75 trillion) per year by 2035 should come from external public and private sources. The report argues that around half of these external finances can be met through cross-border private finance, with the remaining half to be met by external public finance.

Another estimate by the [United Nations Trade and Development](#) shows that the developing countries would need US\$1.1 trillion (S\$1.49 trillion) per year from 2025 and US\$1.8 trillion (S\$2.45 trillion) by 2030 in climate finance to achieve the three main components of climate action – mitigation, adaptation, and managing loss and damage. Of these requirements, the developed countries need to contribute US\$0.89 trillion (S\$1.2 trillion) per year from 2025 and US\$1.46 trillion (S\$1.98 trillion) by 2030.

Therefore, the developed countries' pledge of providing US\$300 billion (S\$411 billion) per year falls too short of the requirements. Moreover, considering the inflation since 2020, the current pledge is [not a substantial improvement](#) from the earlier pledge of US\$100 billion (S\$137 billion). The developed countries' COP29 pledge of US\$300 billion (S\$411 billion) per year in total to all developing countries, except China, is only a little more than South Asia's requirements alone.

[As per an estimate](#), the eight countries of South Asia (Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka) need around US\$200 billion (S\$274 billion) annually by 2030 to take climate action in accordance with their Nationally Determined Contributions and National Adaptation Plans. This estimate does not include the increasing costs of loss and damage caused by extreme weather events and disasters due to climate change.

It is unclear how the pledged US\$300 billion (S\$411 billion) will be distributed to the different regions and countries around the world. However, what is certain is that every region is going to receive much less than its requirement. Hence, the developing countries, including the South Asian countries, lambasted the US\$300 billion (S\$411 billion) deal. India rejected the deal, with the [Indian delegate at COP29 saying](#) that the outcome was an "optical illusion" that had been pushed through the backdoor.

South Asia is one of the most vulnerable regions to climate change. Lately, extreme weather events and disasters have become frequent in the region. These have affected the economies and livelihoods of people in all the countries in the region. Himalayan glaciers have been receding at alarming rates, causing massive damage in the mountains to low-lying plains. Hence, South Asian countries had given special importance to COP29.

The heads of states and governments of many South Asian countries were present in Baku, making calls for enhanced support from the developed countries for climate action. Among them was Nepal's President Ram Chandra Poudel, who emphasised the importance of [protecting the Himalayas](#) to protect the planet, and thus calling on the developed countries to provide adequate climate finance, including reparations for loss and damage.

Bangladesh's leader of the interim government, Muhammad Yunus, said negotiations for climate finance were [humiliating for the poorer countries](#). His argument was that since the climate crisis is the result of developed countries' activities, negotiations should be absolutely unessential for the developed countries to provide the necessary climate finance to developing countries.

The South Asian countries also collectively raised their demands for climate finance based on the principles of justice, fairness and equity. Although they did not come together as a South Asian group, they had made a joint call under the umbrella of the Group of Like-Minded Developing Countries (LMDCs), which includes all the South Asian countries except Afghanistan and the Maldives, along with several countries from other regions. Delivering a [statement on behalf of the LMDCs](#), India reiterated that "the developed countries need to commit to provide and mobilise at least US\$1.3 trillion (S\$1.76 trillion) every year till 2030, through grants, concessional finance and non-debt-inducing support that cater to the

evolving needs and priorities of developing countries, without subjecting them to growth-inhibiting conditionalities in the provision of finance.”

Unfortunately, the COP29 deal on climate finance will remain short of meeting the developing countries’ finance needs for climate action. Moreover, whether the developed countries will deliver on their commitments of providing US\$300 billion (S\$411 billion), and how this money will be distributed, remains an important question. The South Asian countries should continue to make efforts, both individually as well as collectively, in ensuring that the deal will be operationalised in earnest and that they get their fair share of climate finance. They should also continue to put pressure on the additional money that has been identified as necessary in their fight against climate change.

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Dr Puspa Sharma is a Visiting Senior Research Fellow at the Institute of South Asian Studies (ISAS), an autonomous research institute in the National University of Singapore (NUS). He can be contacted at [puspa.sh@nus.edu.sg](mailto:puspa.sh@nus.edu.sg). The author bears full responsibility for the facts cited and opinions expressed in this paper.