Global climate diplomacy: Outcomes from the Bonn climate change conference and the G7 meeting
Introduction

The Bonn Climate Conference, an annual event that occurs mid-way between the COPs that take place each November, was held between June 3-13. It was immediately followed by the G7 conference in Italy on June 13-15. Both provided an opportunity to gauge the state of global climate diplomacy and to identify the key issues that are going to dominate COP29 in Baku, starting on November 11.

The Bonn conferences are not intended to deliver substantive results in their own right, with the discussions often being more procedural in nature and preparing the way for the more high-profile COP six months later. However, they do give a good indication of the main agenda items and the key topics that remain contentious. This year the negotiators were looking to build on the results of the Global Stocktake (GST), which was at the heart of the COP28 conclusions, and to create a roadmap towards two imminent and important objectives:

- The delivery of updated Nationally Determined Contributions (NDCs) by all countries in early 2025, and
- The establishment of a New Collective Quantified Goal (NCQG) for the provision of finance by the developed countries to encourage investment in environmental projects in developing countries as part of a just energy transition.

As such, it was clear that money would be a major talking point, as would the need to get the world back on track to meet the targets in the Paris Agreement and the need to prepare for adaptation to a changing climate. In addition, there was hope that progress would be made on the negotiations around Article 6 of the Paris Agreement and on the implementation of other recommendations from the GST. Finally, it was hoped that work would also progress on the making the Loss & Damage Fund, that was set up at COP28, operational.

Following the Bonn conference, there were expectations that the G7 leaders would give some further direction for their position regarding the key climate and environmental issues and might even give an indication of their thoughts on the negotiations on climate finance. While specific details were always unlikely, observers were keen to see whether the governments of the major developed nations were prepared to acknowledge the fact that much is needed to get the world back on track to meet climate targets and also whether there was concession towards the demands of developing countries to accept responsibility for historic emissions and to fund investment in a just energy transition in the Global South.

Climate finance dominates the negotiations

COP29 is being heralded as the “finance COP” due to the fact that countries need to agree a “new collective quantified goal” (NCQG) for the provision of climate finance from the developed to the developing world. Under the Paris Agreement, with its overarching principle of “collective but differentiated responsibility”, developed countries effectively accepted that they have benefited economically from emitting large volumes of CO₂ in the post-industrialisation period and now need to provide aid to the developing countries that are being impacted most by the environmental consequences. A total figure of $100 billion of financial support was agreed in 2008, with a target of achieving it by 2020 and sustaining it to 2025. The 2020 target was missed, with the OECD claiming that it was achieved in 2022. But now a new agreement needs to be reached for the 2025-2030 period. With analysis from global organisations such as the IEA and the World Bank suggesting that as much as $6 trillion is required to be spent in the developing world on climate-related issues by 2030 it has been clear for some time that the $100 billion figure will need to rise sharply.¹

The discussions in Bonn were intended to lay a platform for confirmation of a new NCCG figure to be agreed at COP29 in Baku. As such, various developing countries and groupings arrived in Germany with proposed figures, with the Like-Minded Group of Developing Countries (LMDC) suggesting a figure

of $1 trillion per year while the African Group came with a figure of $1.3 trillion. Meanwhile the Arab Group suggested a similar range but with $441 billion coming from public funds while the rest would come from leveraging other sources such as multilateral lending banks and other funding streams, including private finance.

Perhaps not surprisingly, developed countries did not want to focus on identifying a specific number, talking vaguely of negotiating from a “floor of $100 billion” and preferred to concentrate on defining other terms of reference. In particular, there was a focus on four key issues – defining the donor group, defining the recipient group, defining the types of aid to be provided and defining the forms of finance that would be included in the overall figure once agreed.

The first two issues are somewhat linked, in as much as the US, the EU and the G7 argued that some developing countries should be included in the list of donors rather than recipients based on a combination of their economic conditions and their emissions record. This was clearly aimed at countries such as China, India and Saudi Arabia, who not surprisingly responded that the issue was a red herring and that developed countries should focus on accepting their responsibilities. In a related point, developed countries argued that not all developing countries, as originally defined in a 1990 UN categorisation, should be recipients of support as the economic conditions of many have changed significantly since then. For example, Singapore is defined as a developing country but is now one of the richest in the world on a GDP per capita basis.

A debate about types of financial assistance also took place, spilling over from the discussions at COP28 in Dubai. Essentially developing countries demand much more grant-based finance or at least preferential loan agreements while developed countries prefer more debt-finance on which they can charge commercial interest rates. The balance between the two has been a matter of continuing disagreement, with even the World Bank being accused of focussing too much on commercial rather than climate objectives. Related to this, developed countries also wanted to discuss what forms of finance should be included in the NCGQ. Developing countries have argued for a simple definition of public finance over which governments have direct control (public funds, taxes, other government levies) while developed countries want to include other forms of contribution from international institutions such as the World Bank and IMF as well as private finance. This debate reflects the ongoing uncertainty about how different countries have defined their contributions to the existing $100 billion commitment as there is no agreed accounting methodology and countries are often accused of simply moving funds from one pot to another rather than making additional payments.

This disparity of views on the quantum figure for the NCQG, what forms of finance should be concluded, which countries should be making contributions and which receiving funds was reflected in the final text issued by the working group that had spent two weeks discussing the issue. At the start of the process the two chairs had compiled an “input paper” comprising the proposals submitted by countries or regional groups, which extended to 63 pages. After a week of negotiations, amendments and refinements this had been reduced to 45 pages, before being further edited down to 35 pages. The final text remained a collection of disparate views which continue to reflect the gulf between the Global North and the Global South. Many delegates expressed their dissatisfaction at the end of the meeting, with Egypt’s negotiator stating “we haven’t heard anything from them [developed countries] on their vision for the quantum. Every time there’s been one excuse or another why we couldn’t discuss quantum.”

Meanwhile the Chinese negotiator was equally forthright, saying that “we have been dealing with a few insincere and self-serving nations that have no intention of honouring international treaties.” Developed country delegates were equally frustrated, with the UK representative admitting that “we have a long

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2 https://africanarguments.org/2024/06/patience-is-running-out-did-bonn-make-progress-on-climate-finance/
3 Financial Times, 14 June 2024, “G7 to demand wealthy developing nations pay up on climate change”
5 Foreign Affairs, 18 July 2023, “The World Bank is failing on climate change”
6 Climate Home News, 11 June 2024, “Bonn talks on climate finance goal end in stalemate on numbers”
7 Ibid.
way to go” while a US delegate added that “I’m quite frustrated” and “I feel most of what we’ve been doing is repeating views and not going into details of what folks mean.”

The overall conclusion is therefore that negotiators at COP29 face a significant challenge in resolving what is fast becoming the core underlying issue for countries in the developing world. There is no doubt that more money must be spent on mitigation and adaptation and that developing countries need support to decarbonise. However, the question of exactly how to define developing countries and how to account for climate finance contributions is obscuring the main question of how much should developed countries be contributing from 2025. Even a conservative estimate would suggest that the current $100 billion needs to be multiplied many times if the Paris Agreement objectives are to be met. However, as of yet none of the contributor countries have been prepared to mention any figure at all. As such, this debate seems set to be the defining issue for the success or failure of COP29.

**Loss and Damage Fund**

The formation of the Loss & Damage Fund at COP28 was seen as one of the great successes of the meeting. However, making it operational was always going to be the next challenge. The Bonn negotiations demonstrated this as delegates debated whether the funds for it should be part of the NCQG negotiations or not. Developed and developing countries had very different views and the question has been deferred to COP29 with no steer given by the Bonn meeting. One piece of positive news was that the World Bank has been confirmed as the host of the Fund, as agreed at COP28, although a few final hurdles need to be overcome. The main challenges will then be to ensure that more significant contributions are made into the Fund and to agree the terms of reference for making funds available to developing countries. On both counts significant scepticism remains as to whether the Loss & Damage Fund will be able to function in the manner conceived by developing countries at COP28, and the Bonn meeting did little to convince the doubters.

**Mitigation – not even agreement on what to discuss**

Discussions about mitigation come under the Mitigation Work Programme (MWP) that was formed at COP27 and is due to run to 2026. Despite the clear need for mitigation efforts to accelerate as the world consistently fails to meet its emission targets, countries have so far not been able to agree on what the mandate of the MWP is. The debate over this procedural issue continued in Bonn and once again failed to reach a conclusion. On one side, groups such as the EU, Latin American countries and the Association of Small Island States (AOSIS) see the MWP as a driving force to build on the conclusions of the Global Stocktake that was presented at COP28 and to facilitate the setting of more aggressive mitigation targets that can then be fed into the Nationally Determined Contributions (NDCs) which countries are currently in the process of revising. On the other side the Like-Minded Group of Developing Countries (LMDC) countries such as China and India, the African Group and the Arab Group of countries argue that the MWP is not mandated to build on the Global Stocktake and should not have undue influence over individual NDCs. They see it more as a forum for facilitating dialogue between countries and not as a venue for setting new targets or placing further burdens on countries. This divide led to further frustration at the Bonn conference, with one delegate summarising the outcome by stating that “discussions on mitigation in Bonn – or lack of them – are completely disconnected from a sad reality: the window to 1.5°C is closing fast.”

The outcome of the discussions can be summarised by the fact that when the co-chairs of the MWP produced a final text for approval, many countries refused even to acknowledge its existence, never mind discuss it or sign it. As a result, the negotiations on mitigation failed to reach any significant conclusions at the conference, and much more work will have to be done by the organisers of COP29 if any significant progress is going to be made on such a crucial topic.

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6 Carbon Brief, 14 June 2024, “Climate diplomats have finished another two weeks of intense negotiations in the German city of Bonn, discussing global efforts to cut emissions and protect people from climate hazards”

Adaptation – some progress but the question of finance remains pervasive

At COP28 significant progress was made in agreeing the Global Goal on Adaptation (GGA) and mandating its further development in Bonn and at COP29. A number of issues remain to be finalised, and the discussions in Bonn initially focussed on the “indicators” which are being developed to measure a country’s current need for adaptation and the progress that it is making towards achieving specific goals. These include, for example, land available for food production and climate-related deaths, and the Bonn conference attempted to provide a timetable and a process for developing a fuller list.

One of the key indicators promoted by many developing countries, and initially discussed but rejected at COP28, once again involved finance, with delegates arguing that “without finance there’s nothing that can happen from a developing country’s perspective.” As a result, there was a clear desire to include an investment indicator to measure the funds being made available against actual requirements in developing countries. A recent UN study suggested that the funding requirement is up to 18 times higher than the provision at present, and although COP28 did see an agreement to double adaptation finance, this is clearly not enough to meet the needs of countries facing an ever-larger adaptation challenge.10

Once again, a compromise had to be found in the final text, with the negotiators including views from both sides of the debate in a set of “draft conclusions” which will be forwarded to COP29 in Baku. These conclusions acknowledged the obligation of developed countries to provide more adaptation finance without being specific on the amount while also included various options on the development and monitoring of indicators and the development of National Adaptation Plans. However, the outcome was less specific on finance, with the views of the various parties being gathered together in a less influential “informal note” which will again be sent to Baku but which carries less force than a more formal text. Nevertheless, compared to the discussions on mitigation, some progress was made, although one delegate did comment that “countries will find it rather challenging to streamline this text in the first week of Baku, especially when there are many elements they find uncomfortable.”11

Article 6 – a priority for COP29

One of the major disappointments for COP28 was that Article 6 of the Paris Agreement was not made operational and all the key issues were left to be resolved at COP29 and beyond. The COP29 organisers have made it a priority to resolve as many issues as possible concerning Articles 6.2 (country-to-country trading) and 6.4 (development of an international carbon market) and some progress was made in Bonn on a few of the more fundamental issues.

Transparency has consistently been a hot topic, with some countries looking for very tight rules on disclosure while others prefer to allow countries to keep information confidential at their own discretion. Although there was no final agreement on this issue, a text was prepared requesting the UNFCCC to create a specific code of conduct to define confidential information and to create a review body. As such, the issue is now very much on the table and recognised as an important topic for COP29. Greater progress was made on the question of “emissions avoidance” being allowable for the generation of carbon credits. In Bonn there was final agreement that it should not be allowable. As a result, although many technical issues remain before carbon markets under Article 6 can be made fully operational, some important progress was made in Bonn, meaning that there is greater hope for a positive outcome in Baku.

Reviewing the Global Stocktake – ambition versus finance

The final COP28 text was framed as a presentation of the results of the Global Stocktake (GST), including the key pledges to transition away from fossil fuels, triple renewable energy and double energy efficiency by 2030. The Bonn conference offered the first major opportunity for delegates to consider how to progress the GST outcomes. The “UAE dialogue on implementing the global stocktake

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outcomes” provided a forum for discussion, but once again there was significant disagreement on what the talks should be about. Developed countries wanted to focus on methodologies to cut emissions, such as how to move away from fossil fuels, while developing countries argued that this was irrelevant unless climate finance was included in the discussion.

It was noted that countries are going to have to develop further mitigation strategies for inclusion in their updated NDCs, which are due by February 2025, but the debate then centred on how ambitious these could really be unless the debate around provision of finance by developed countries had been resolved. Furthermore, an additional point was raised by Bolivia, on behalf of the Like-Minded Group of Developing Countries, arguing that developed countries should have much tougher targets, including net zero emissions by 2030 and negative emissions thereafter. As a result, the stage has been set for a fractious debate in Baku, with developing countries becoming increasingly strident in their demand that developed countries must increase their mitigation and financial commitments. On the other hand, developed countries continue to argue that a more specific definition of developed and developing countries is needed to ensure a fair distribution of resources, while also looking to focus on the need for greater ambition from all parties to reduce carbon emissions.

Conclusions from the G7 meeting in Italy

A meeting of G7 leaders followed immediately after the conclusion of the Bonn conference, taking place in Puglia in Italy from June 13-15. It was hoped that the outcome might send some signals about the thinking of governments in the major developed countries on some of the most contentious issues discussed at the Bonn conference. To this end, the final communiqué did contain a lengthy section on “Energy, Climate and Environment”12 which encapsulated the views of the developed nations. Some of the key conclusions can be summarised as follows:

- Continued commitment to the Paris Agreement and its goal of keeping global temperatures less than 1.5°C above the level seen before the industrial revolution, with a short-term goal to develop new NDCs in line with reducing emissions by 43% by 2030 and 60% by 2035. However, there was no recognition that the world is well off-track to achieve them.
- Commitment to the core COP28 objectives to triple renewable energy and double energy efficiency by 2030 and also to transition away from fossil fuels. Also, a commitment to see this done in a just, orderly and equitable fashion, although without acknowledgement of what this might mean in relation to developing countries.
- A call to end the use of unabated coal, especially in the power sector, and to accelerate the decarbonisation of hard-to-abate industrial sectors.
- A commitment to cut methane emissions from the fossil fuel industry by 75% by 2030 and to work with non-G7 countries, especially in Africa, to help them achieve the same goal.
- Support for countries wishing to incorporate nuclear energy into their decarbonisation plans and the establishment of a G7 working group on Fusion Energy.
- A focus on creating an international market of critical minerals in order to encourage global trade, strong governance of upstream and downstream activities and development opportunities for developing countries while also promoting security of supply.
- Acknowledgement of the need to improve access to finance for developing countries but stating that this should be achieved via public and private investments as well as by the use of public markets for the issuance of Green Bonds. Furthermore, there were calls for greater cooperation with Multilateral Development Banks.
- Commitment to be major contributors to the new collective quantified goal (NCGQ) on finance for developing countries but calling for the further inclusion of “those countries that are capable of contributing to any international public finance mobilization.” This is a clear reflection of the

views expressed at the Bonn conference that wealthier developing countries should be contributors to, not recipients of, of this new finance package.

• Recognition that adaptation is a critical issue and that developing nations require help putting together adaptation plans that can then be assessed for investment funding.

• Focus on other biodiversity issues including the health of the oceans, the need to reduce plastics use, support for reducing deforestation and for goals to improve access to safe water, healthy soils and ecosystems.

As such, the G7 countries reiterated many of the objectives that had already been established at COP28 but provided no concrete detail on new financing commitments. Indeed, in contrast to the developing countries, who see the NCQG as a moment to radically increase the financing commitments of developed countries, the G7 is framing it as “a unique opportunity to strengthen the international climate finance landscape” while congratulating itself on meeting the original $100 billion target without mentioning that it was at least two years late.

The call to broaden the contributor base for the NCQG, although logical, is nevertheless set to catalyse strong disagreement from the developing world, who continue to insist that the G7 and other developed nations accept their responsibility for historic emissions. Indeed, this was reiterated at the most recent G77 meeting in January 2024 with emphasis on the UNFCCC principle of common but differentiated responsibility stressing “the urgency of the provision of means of implementation from developed countries to developing countries [and] the importance of the provision of new, additional, adequate, predictable and sustainable financial resources by developed countries, to address the special needs of developing countries in the context of addressing the adverse impacts of climate change”. As such, the stark difference in views between the G7 and G77 groupings underlined once again how contentious this issue is going to be at COP29.

**Outlook for COP29**

The outcome of the Bonn conference underlines the key issues and challenges facing the COP29 organisers. With new NDCs set to be presented in early 2025, the COP will need to underline the need for greater commitment to efforts on mitigation to reduce emissions. At the moment the world is clearly not on target to meet the interim goals towards net zero by 2050, and the November meeting will need to encourage countries to step up their commitments significantly. However, the discussions in Bonn did not provide much confidence that this will occur in practice.

One of the main reasons for this is the continuing disagreement over financing. COP29 is fast becoming a critical moment in the entire UN process, because if a new commitment for financing from the developed world (via the NCQG) cannot be achieved to the satisfaction of developing countries then the entire negotiating process could collapse. Almost all the key topics, including mitigation, adaptation, loss & damage and the decarbonisation of key sectors revolves around the question of financing, with developing countries arguing that they cannot create targets without knowing if money will be available to fund them. On the other side, developed countries seem reluctant to commit to specific figures until they know what the funds will be spent on, and are also keen to discuss the modes of financing as well as the definition of who should be contributing funds and who should be the recipients. This impasse will need to be broken if progress is to be made and will take very skilful diplomacy from the COP29 presidency.

The positive news is that three COP presidencies, from COP28 (UAE), COP29 (Azerbaijan) and COP30 (Brazil) have formed a Troika to work on creating a positive agenda and fostering a cooperative atmosphere for the conference. However, the geopolitical background looks likely to be much more turbulent, with the Israel-Gaza and Russia-Ukraine conflicts probably continuing and with a series of elections (most importantly in the US) having the potential to create more uncertainty. Finally, it looks unlikely that US-China relations, which have been critical to the positive outcome of the last two COPs, will have improved by November, and with the two leading players (John Kerry and Xie Zhenhua) having

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13 G77 Third South Summit Outcome Document, 22 Jan 2024, paragraphs 130 and 131 at [https://www.g77.org/doc/3southsummit_outcome.htm](https://www.g77.org/doc/3southsummit_outcome.htm)
retired there will be a need to reset individual relationships at or before the Baku conference. Finally, the debate over the role of hydrocarbons as part of the COP process will no doubt be raised again, especially as the host country Azerbaijan is an oil and gas exporter.

Overall then, although COP29 is billed as one of the smaller “interim” COPs, and the Azerbaijani authorities have already made it clear that they do not expect it to be as big in terms of number of delegates as the huge gathering in Dubai in 2023, it could nevertheless be one of the most consequential COPs for many years. The importance of the debate around financing for the developing world cannot be underestimated, and without wishing to be overly pessimistic it would be logical to suggest that if progress towards an agreement is not made before November 11, when COP29 starts, then the risk of a breakdown in the negotiations in Baku is real.
Key References


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