



Azerbaijan Launches Climate Finance Action Fund in Package of Initiatives for COP29

- **Fund to receive annual contributions from fossil fuel producing countries and companies.**
- **Fund to target climate projects in developing countries that need support, meeting next generation of NDCs to keep 1.5C within reach, and addressing the consequences of natural disasters.**
- **Fund will catalyze public and private sectors across mitigation, adaptation, and research and development, and will contain additional special facilities.**
- **Initial fundraising aiming for \$1 billion, as COP29 President-Designate calls for contributors to come forward with climate finance.**
- **Fund one of 14 initiatives in COP29 Action Agenda to enhance ambition and enable action.**

Baku, 19th July 2024

Azerbaijan has announced the Climate Finance Action Fund (CFAF) to invest in climate action in the developing world. CFAF will be capitalised with contributions from fossil fuel producing countries and companies across oil, gas and coal, and Azerbaijan will be a founding contributor. Members will commit to transfer annual contributions as a fixed-sum or based on volume of production.

CFAF is one initiative within a package of 14 announced today in Azerbaijan as part of the COP29 action agenda to enhance ambition and enable action.

CFAF will be a catalytic public-private partnership fund, mobilising the private sector and de-risking investment. The fund will also contain special facilities with concessional and grant-based support to rapidly address the consequences of natural disasters in the developing countries in need.

CFAF will provide off-take agreement guarantees for small and medium-sized renewable energy producers and first-loss capital for green industrial projects. The fund will also have a focus on the food and agriculture sector as a priority to protect livelihoods and achieve net zero. Profits generated from projects will be reinvested in the fund.

CFAF will become operational at the conclusion of the initial fundraising round, which seeks to capitalise the fund with \$1 billion, and when 10 contributing countries committed as shareholders.

Fifty percent of the capital will be directed towards climate projects in developing countries that rely on support, across mitigation, adaptation, and research and development. These will promote the adoption of clean energy technologies, improve energy efficiency, strengthen climate resilience of vulnerable populations, and facilitate the development of cutting-edge technologies.

Fifty percent of the contributions will be allocated to helping meeting members' the next generation of Nationally Determined Contributions (NDCs) to keep the 1.5C temperature target within reach. Azerbaijan has committed to leading by example, it is working to submit a 1.5-aligned NDC, and the COP29 Presidency is encouraging all Parties to come forward with similar plans.

Twenty percent of the revenues generated from investments will be deposited in a Rapid Response Funding Facility (2R2F) providing highly concessional and grant-based support. This facility will offer immediately accessible funding to address the consequences of natural disasters in Small Island Developing States, Least Developed Countries, and to other vulnerable developing communities as needed.

The fund will be headquartered with its secretariat in Baku, Azerbaijan, its board of directors will include representatives from contributors, and an independent audit committee will publish quarterly data including financial reports and project evaluations. Shareholders will collectively make decisions and a working group is being established with international financial experts to further develop the management model and funding mechanism.

“Enabling action is an essential part of the COP29 agenda and we are committed to leading by example. I am grateful for the direction and support that I have received from the President of Azerbaijan, H.E. Mr. Ilham Aliyev, that countries rich in natural resources should be at the forefront of those addressing climate change,” said COP29 President-Designate Mukhtar Babayev. “We have heard that communities want action not words, and today by launching the Climate Finance Action Fund we are taking a significant step. We are calling on donors to join us so that we can fulfil the COP29 plan to enhance ambition and enable action.”

“This process of intergovernmental cooperation, and each year’s COP, is of vast significance. It is humanity’s best hope to avert the global climate crisis, and spread the huge benefits of decarbonization and climate resilience,” said UNFCCC Executive Secretary, Simon Stiell. “A successful COP in Baku is more important than ever. But this process is not easy and there is much to do. I am grateful for the hard work of the incoming COP President, his team, and the initiatives they are spearheading to create the grounds for success.”

COP29 Chief Negotiator Yalchin Rafiyev said, “We have assessed the shortcomings in financial markets and carefully listened to the concerns of communities. This will be the first fund with both fossil fuel producing countries and companies across oil, gas and coal. It will be the first to both provide investment and to address the consequences of natural disasters. And it will be the first to receive annual transfers from its contributors. We also have given special attention to accessibility and speed when addressing the consequences of natural disasters and to ensuring that shareholders collectively make decisions.”

CFAF was launched within a package of 14 initiatives under the framework of the COP29 thematic days (see notes to editors below). Introducing the initiatives, Mr. Babayev said, “every action matters, because every fraction of a degree matters.” The initiatives are designed to drive action across all climate pillars, involve global, regional, national and subnational groups, take a holistic view of sustainable development, and include all demographics within an inclusive process that delivers inclusive outcomes. Mr. Babayev announced that the COP29 Presidency would send a formal communication to Parties and Constituencies to the UNFCCC containing further information on the COP29 action agenda and its initiatives in due course.

-ENDS-

Notes to Editors:

- COP29 will take place in Baku, Azerbaijan, from 11-22 November 2024.
- The full Letter to Parties and Constituencies is available on the COP29 website at <https://cop29.az/en/news/letter-to-parties-and-constituencies>
- The COP29 **thematic days** are as follows:
 - 11 Nov: COP29 Opening
 - 12 Nov: World Leaders Climate Action Summit
 - 13 Nov: World Leaders Climate Action Summit
 - 14 Nov: Finance, Investment and Trade
 - 15 Nov: Energy / Peace, Relief and Recovery
 - 16 Nov: Science, Technology and Innovation / Digitalisation
 - 17 Nov: Rest day and no thematic programming
 - 18 Nov: Human Capital / Children and Youth / Health /Education
 - 19 Nov: Food, Agriculture and Water
 - 20 Nov: Urbanisation / Transport / Tourism
 - 21 Nov: Nature and Biodiversity / Indigenous People / Gender Equality / Oceans and Coastal Zones
 - 22 Nov: Final negotiations

The COP29 action agenda initiatives are as follows:

1. Climate Finance Action Fund – CFAF

- The establishment of a fund, capitalized with voluntary contributions from fossil fuel producing countries and companies. The fund will catalyze the public and private sectors across mitigation, adaptation, and research and development, and also provide highly concessional and grant-based funding.

2. Baku Initiative for Climate Finance, Investment and Trade Dialogue - “BICFIT Dialogue”

- The establishment of a collaborative environment and long-term dialogue platform for the international community to bring increased focus to the nexus of climate finance, investment and trade.

- 3. Just Transition Investment Partnership (JTIP) 4 Jobs and Skills**
 - The creation of a collaborative platform to connect financing needs arising from the integration of skills development in NDCs, NAPs, LT-LEDs with available financing instruments of MDBs, as well as explore establishing linkages and synergies with other sources of financing.
- 4. Green Energy Pledge**
 - Signatories to this Ministerial Pledge will commit to green energy corridors, zones, and grids. This initiative will also help to establish the necessary regulatory and institutional frameworks and identify the enabling financing to create the infrastructure to fulfill the Pledge.
- 5. Green Energy Storage Pledge**
 - Pledge to make energy storage one of the cornerstones of global energy systems, aiming to increase resilience and efficiency with global targets to increase capacity six times 2022 levels reaching 1,500 gigawatts by 2030.
- 6. Clean Hydrogen Initiative**
 - Pledge and implementation tracks to deliver action from both the public and private sectors to unlock the potential of a global market for low-emissions hydrogen uptake through setting guiding principles and priorities, and addressing regulatory, technological, financing, and standardization barriers.
- 7. COP Truce Appeal**
 - Addressing the climate-conflict nexus, COP29 aims to promote peace, dialogue and reconciliation more broadly and to mobilize all political attention and diplomatic efforts for climate action.
- 8. Digital Action Path 4 Green World**
 - Accelerating the green transition through digitalization and the reduction of GHG emissions in the ICT sector and a Ministerial Declaration.
- 9. Investing in Human Capital, Health and Jobs for Climate Resilient Future**
 - Ensuring investments in education, skills, health, and well-being, in particular for children and youth, and strengthening synergy across these areas. Also integration of learning and assessment framework on environmental literacy into the Programme for International Student Assessment (PISA).
- 10. HARMONIYA 4 Climate Resilience: Empowering Farmers, Villages and Rural Communities**
 - The Harmoniya Initiative will serve as an aggregator, bringing together various initiatives, coalitions, networks, and partnerships during COP29 to share experiences, identify synergies and gaps, and foster collaborative efforts concentrated on the agriculture, food and water nexus, including empowerment of local communities and women in the rural zones.
- 11. Baku Dialogue on Water and Climate: Enhancing Action on Climate Change and Water Nexus**

- Building on the Global Goal on Adaptation, the Dialogue will bring together governments, UN organizations, academia, and the private sector to work collectively on water-related climate change adaptation.

12. Multisectoral Actions Partnership (MAP) for Sustainable, Climate Resilient and Healthy Cities

- Enhancing multisectoral national actions in cities and encouraging stronger partnerships to scale up global urban climate finance and global coherence on climate and urban development and resilience.

13. Global Partnership for Enhanced Climate Action in Tourism (GPECAT)

- The GPECAT aims to mitigate the trend of growing global emissions from tourism by advancing a paradigm shift in global tourism policymaking.

14. Partnership 4 Reducing Organic Waste (ROW): Cutting Methane and Enriching Soil

- The Partnership aims to reduce methane emissions from the waste sector while also addressing global challenges such as food waste, sustainable urbanization, and soil management and enrichment. The partnership will seek 1.5-aligned NDC commitments in the waste sector, increased finance and investment, data for action, and innovative partnerships and stakeholder engagement.