DAILY EDITORIAL ANALYSIS

TOPIC

REFLECTIONS ON BAKU'S 'NCQG OUTCOME'

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Context

- The recent **UN Climate Change Conference (COP29)** held in **Baku, Azerbaijan,** concluded with significant yet contentious outcomes, particularly regarding the **New Collective Quantified Goal (NCQG) for climate finance.**

Background

- The **concept of climate finance** emerged from the recognition that developing countries, despite contributing the least to global greenhouse gas emissions, are disproportionately affected by climate change.
- The **Intergovernmental Panel on Climate Change (IPCC)** has highlighted the need for significantly stronger commitments **to limit global warming to 1.5°C above pre-industrial levels,** adopted in 2015 to strengthen the global response to climate change.
- The goal is to set a new financial target that reflects the evolving needs and priorities of developing countries, ensuring they have the necessary resources to implement their **Nationally Determined Contributions (NDCs),** national adaptation plans, and other climate-related initiatives.
- Current policies, if continued globally, are expected to lead to a temperature rise of up to 3.1°C.

Key Objectives of NCQG

- **Empowering Developing Countries:** Developing nations are often the most affected by climate change despite contributing the least to greenhouse gas emissions.
  - It aims to provide these countries with the financial support needed to invest in clean energy, adaptation measures, and climate-resilient infrastructure.
- **Accelerating Climate Action:** Significant investments are required for effective climate change mitigation and adaptation.
  - The NCQG is designed to unlock the necessary funds for developing countries to implement ambitious climate action plans aligned with the goals of the Paris Agreement.
- **Promoting a Just Transition:** The NCQG supports a just transition to a low-carbon and climate-resilient economy, creating new jobs and opportunities while protecting vulnerable communities.
- **Boosting Global Cooperation:** Achieving the NCQG necessitates collaboration between developed and developing countries, fostering international cooperation and strengthening the global response to climate change.

NCQG and Its Significance

- Finance is a critical component in accelerating the adoption of cleaner alternatives, especially in developing countries.
- NCQG was designed to address the shortcomings of previous climate finance pledges, including the **$100 billion annual commitment made at Cancun in 2010.**
- It aims to establish clearer, more accountable **climate finance goals post-2025 to support developing countries**.

Outcomes of COP29

- **COP29, branded as the 'Finance COP'** was expected to deliver an ambitious outcome on the NCQG.
- The conference failed to align with the principles of equitable burden-sharing and climate justice, overlooking the financial needs of the Global South.
- It undermines the very core of why the NCQG was set up in the first place.

Concerns and Challenges

- **Disagreement on Financial Targets:** Nations are divided on the amount of money that needs to be raised.
  - Developing countries are pushing for higher contributions from high-income nations like the US and the EU.

- **Equity and Responsibility:** The principle of common but differentiated responsibilities and respective capabilities (CBDR-RC) is a contentious issue.
    - Developing countries argue that developed nations should bear a larger share of the financial burden due to their historical emissions.
- **Types of Finance:** There is debate over what types of finance should be included in the NCQG.
    - It includes whether private finance should count towards the goal and how to ensure that funds are new and additional, rather than repurposed from existing commitments.
- **Allocation and Utilization:** Determining what the funds should be used for is another challenge.
    - There is a need to balance between mitigation and adaptation efforts, with developing countries emphasizing the importance of adaptation finance.
- **NCQG Outcomes:** Target $300 billion annually (2025-2035), criticized for being insufficient compared to the $1.3 trillion required annually.
    - Poses risks for developing nations, which prefer predictable public grants over loans.
- **Implementation Barriers:** Developing countries face various barriers such as high costs of capital, limited fiscal space, and high levels of indebtedness, which complicate the effective utilization of climate finance.
- **Monitoring and Accountability:** Ensuring transparency and accountability in the disbursement and use of funds is crucial.
    - There are concerns about how to track and report financial flows accurately.

India's Stand at International Climate Finance

- At COP29, India reiterated the need for developed nations to fulfill their financial commitments and provide at least $1.3 trillion annually until 2030.
- This demand is rooted in the principle of **'Common But Differentiated Responsibilities (CBDR)'** which recognizes the varying capacities and contributions of countries to climate change.
- India has also contributed to climate finance for other developing countries, showcasing its solidarity and commitment to global climate action.
- However, the flow of international green finance to India remains slow and insufficient to meet its ambitious climate goals.

India's Domestic Initiatives and Policies

- The **Union Budget 2024-25** saw the introduction of a climate finance taxonomy aimed at encouraging **investments in climate action and preventing greenwashing**. 19,100 crore allocated to the Ministry of New and Renewable Energy in 2024-25. Subsidies like 5,790 crore under FAME Phase-II promote electric vehicles.
- India aims to achieve **net-zero emissions by 2070** and has already made significant progress in increasing its renewable energy capacity.
- As of October 2023, non-fossil fuel-based energy sources constituted 43.81% of India's total installed power capacity.

Conclusion and Way Forward

- The NCQG outcome from COP29 reflects inadequate ambition and undermines the principles of equitable burden-sharing and climate justice.
- It fails to address the financial needs of the Global South, essential for achieving transformative climate action.
- As the impacts of climate change become more pronounced, it is crucial for future climate negotiations to prioritize equitable and just financial mechanisms to support developing nations in their transition to a sustainable future.

Source: TH

Mains Practice Question

Do you believe that the newly agreed upon New Collective Quantified Goal (NCQG) for climate finance is sufficient to address the growing needs of developing countries in mitigating and adapting to climate change?