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DAILY EDITORIAL ANALYSIS

TOPIC

COP-29, CLIMATE FINANCE & ITS OPTICAL ILLUSION

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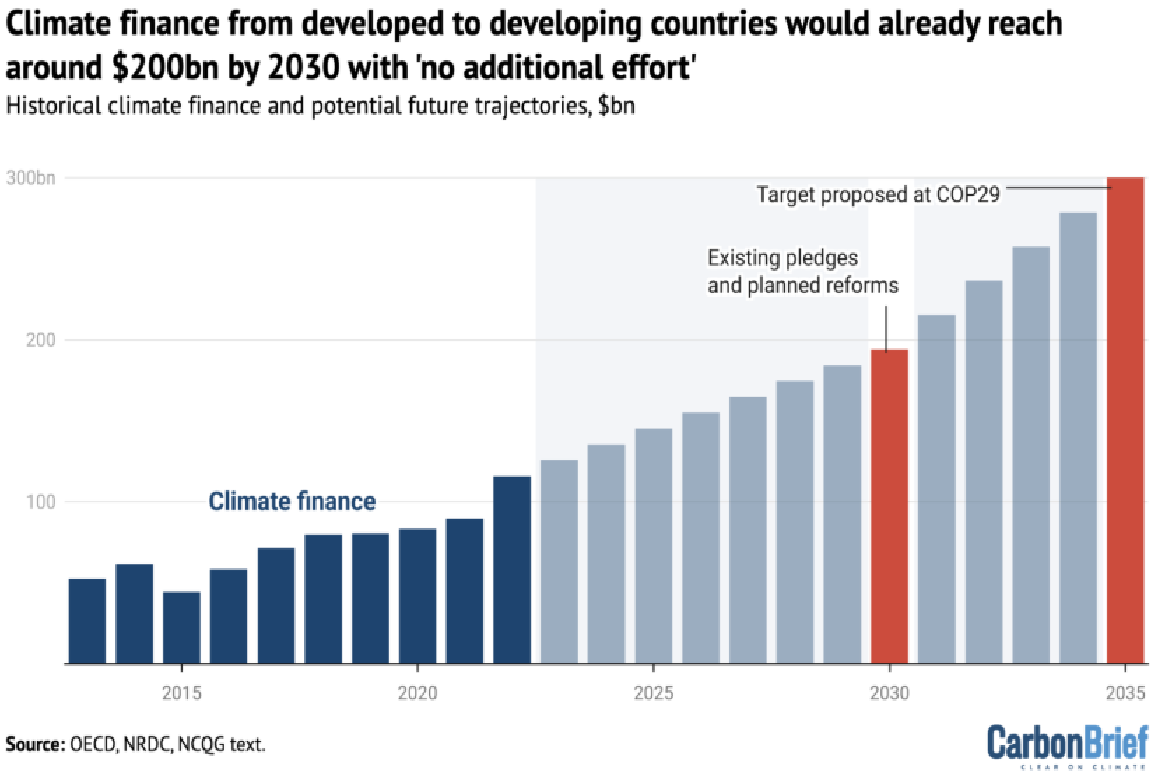
Context

- Despite the ambitious goals, set at 29th Conference of the Parties (COP-29) held in Baku, the outcomes have been met with skepticism and criticism, particularly regarding **climate finance.**

Background

- **Climate Finance in UNFCCC:** Climate finance has been a cornerstone of international climate agreements since the inception of the **United Nations Framework Convention on Climate Change (UNFCCC) in 1992.**
  - Article 4(7) of the UNFCCC emphasizes that developing countries' commitments depend on finance and technology provided by developed nations.
- **Paris Agreement: Article 9(1) of the Paris Agreement** binds the developed countries *to* mobilise finance for the developing countries.
- **IPCC's Sixth Assessment Report:** The Sixth Assessment Report of the IPCC has described finance, capacity-building and a transfer of technology as critical enablers of climate action in developing countries.
  - Highlights the role of anthropogenic emissions in **1.1°C of warming above pre-industrial levels.**



Major Challenges in Climate Finance

- **Falling Short of Targets:** Developed countries committed to mobilizing **$100 billion annually by 2020** to support developing nations in their climate mitigation and adaptation efforts.
  - However, this target was **only met in 2022**, and it has been widely acknowledged that the amount falls short of the actual needs.
- **Unrealistic Proposals: COP29's New Collective Quantified Goal (NCQG)** proposal of $300 billion annually by 2035 is far below the estimated need of $455 billion-$584 billion annually as identified by the UNFCCC's Standing Committee on Finance.
- **Inadequate Allocation for Vulnerable Groups:** Small Island Developing States (SIDS) demanded $39 billion; LDCs sought $220 billion, but no specific allocation floors were set.
- **Loss and Damage Costs:** Global Stocktake (2023) estimated loss and damage costs to reach $447 billion-$894 billion per year by 2030, highlighting the gap in financial commitments.

Perspective	Category	Key Points
Developed Nations	Arguments	
	Historical Responsibility	Acknowledge their significant role in greenhouse gas emissions and accept responsibility to fund climate action.
	Financial Capacity	Highlight their stronger economies and ability to mobilize substantial resources for global climate initiatives.
Developing Nations	Arguments	
	Greater Vulnerability	Argue that they face the worst impacts of climate change and need financial support to adapt and build resilience.
	Equity and Justice	Stress that countries least responsible for emissions should not bear the largest burden of addressing climate change.
Counter Arguments	Developed Nations	
	Efficiency Concerns	Argue that corruption and inefficiencies in recipient countries may lead to mismanagement of climate funds.
	Shared Responsibility	Suggest that emerging economies, now major emitters, should also contribute to climate finance.

India's Stance and Concerns

- **Equity and Responsibility:** Indian emphasizes the principle of common but differentiated responsibility and respective capability.
  - Advocates for a $1.3 trillion target by 2030, with at least $600 billion in grants and concessional resources.
- **Disappointment with NCQG:** India outrightly rejected the NCQG, citing lack of consultation and inadequate ambition.
  - Criticized the expectation for developing countries to mobilize resources, undermining their NDCs' implementation.
- **Historical Precedent:** Cited the success of the Montreal Protocol's Multilateral Fund, which supported low-income nations, as a model for coherent climate finance.

Additional Information

- **National Collective Quantified Goals (NCQG) and COP-29:** COP-29 is often referred to as the '**Finance COP**' that aimed to establish a NCQG on Climate Finance, **replacing the previous $100 billion annual target**, initially agreed upon in **2009** at the **COP15 Summit in Copenhagen.**

India's Stance on NCQG

- At the COP27 summit, India emphasized the need for a substantial increase in climate finance, arguing that the $100 billion target was inadequate given the scale of the challenges faced by developing countries.
- India has called for the new goal to be set in the trillions, reflecting the true costs of addressing and adapting to climate change.

What the Developed Nations Must Do?

- **Raise Financial Commitments:** Increase both the scale and quality of climate finance to match the ambitions of developing countries' NDCs.
- **Ensure Accessibility:** Develop a coherent climate finance architecture to provide accessible, affordable, and adequate funds for developing nations.
- **Foster Trust and Collaboration:** Uphold the principles of transparency and inclusivity in negotiations to rebuild trust with the developing south.
- **Support Vulnerable Nations:** Establish specific allocation floors for SIDS, LDCs, and other highly vulnerable countries.

Conclusion

- For effective climate action, developed nations must scale up their financial commitments and provide adequate, accessible, and affordable climate finance. Without this, the goals of the Paris Agreement, particularly limiting global warming to 1.5°C, will remain out of reach, disproportionately impacting the developing south.

Source: TH

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Mains Practice Question
Critically analyze the key arguments and counterarguments surrounding the effectiveness and equitable distribution of climate finance, considering the perspectives of developed and developing nations.