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No outcome in Bonn: why money is key to climate action

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The paper is likely to be developed into a formal negotiating draft that can be agreed upon at COP29.

A climate meeting in Bonn, Germany, has failed to make much headway on the crucial issue of defining a new climate finance goal. By the end of 2024, countries have to finalise a new sum of money — above the existing figure of \$100 billion per year — that the developed world must mobilise for the developing countries to help them fight climate change.

The Bonn talks, an annual fixture in June, were expected to give at least some indicative numbers. They could have been worked upon before COP29 — scheduled to take place in Baku, Azerbaijan, in November — where they have to be finalised.

But this did not happen. All that came out was a 35-page, 428-paragraph, “input paper”, which was a broad description of the wish lists of different countries. The lists pertained to not just the quantum of climate finance, but also other associated issues such as who should be contributing, what should this money be spent on, and how the finance flows should be monitored. The paper is likely to be developed into a formal negotiating draft that can be agreed upon at COP29.

Search for a new NCQG

Money is central to climate action. It is needed not just for facilitating mitigation or adaptation works — mundane tasks of collecting and reporting climate data,

mandatory under the 2015 Paris Agreement, also require substantial sums of money, especially in developing and poor countries, where there is a large capacity gap for this kind of work.

Under the international climate architecture set by the UN Framework Convention on Climate Change (UNFCCC), rich and developed countries are obliged to provide money to developing countries to fight climate change. This is because the rich and developed countries are primarily responsible for causing climate change.

In 2009, the developed countries promised to mobilise \$100 billion every year from 2020 towards this purpose. A report by the Organisation for Economic Cooperation and Development (OECD), a grouping of rich countries, two weeks ago claimed that this \$100 billion target had been met for the first time in 2022.

However, developing countries contest these claims, citing double-counting and innovative accounting, and have often blamed the developed world for not keeping its promise on climate finance.

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The 2015 Paris Agreement says that developed countries must periodically increase this sum after 2025, considering the rapidly growing requirements for climate

finance. The increased target, or the New Collective Quantified Goal (NCQG), for the post-2025 period, is to be finalised this year.

The adequate amount

It is widely acknowledged that developing countries now need trillions of dollars, not billions, annually. A UNFCCC assessment last year said these countries need about \$6 trillion between now and 2030 just to implement their promised climate actions. Only for their adaptation needs, some of which are part of their climate actions, developing countries require between \$215 billion and \$387 billion annually, it said. The assessment also said the global transition to clean energy (not just in developing countries) needed investments of about \$4.3 trillion every year till 2030, and about \$5 trillion annually after that till 2050 to reach a global net zero status.

These are assessments of a few specific needs. The overall requirement for climate finance is much greater.

A few months back, India formally proposed that developed countries should commit themselves to providing at least \$1 trillion every year after 2025. The Arab countries have said this figure should be at least \$1.1 trillion. African countries have demanded \$1.3 trillion.

The developed countries have not made any offer publicly. They have just acknowledged that the new amount has to be higher than \$100 billion per year.

Debate over contribution

According to the UNFCCC and Paris Agreement, only the countries listed in Annexure 2 of UNFCCC — 25 of them and the European Economic Community — are responsible for providing climate finance to developing countries. The listed countries, however, have been trying to shift the responsibility to others as well. They argue that many other countries are now economically better off than in the early 1990s when the list was made. They also argue that the requirements are too huge for the original group of listed countries to meet. China, the world's second-largest economy, oil-rich Gulf countries, and others like South Korea are not part of

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Annexure 2. In Bonn, China said it was playing its part in the global fight against climate change, but had “no intention” of taking additional responsibility.

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All eyes on Baku

NCQG is the biggest thing on the climate change agenda this year. An agreement on this has to happen at COP29. The \$100 billion figure was not a negotiated outcome. The offer was made in a statement by then US Secretary of State Hillary Clinton at COP15 in Copenhagen. It was later agreed upon by all the other Annexure 2 countries.

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