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The new UN climate finance goal

Why it's Europe's chance to re-build trust with the Global South

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Bonn, 13 November 2024. Political upheavals in Germany and the US are likely to overshadow this year's climate conference in Baku. However, for billions affected by climate change in the Global South, crucial decisions on future climate finance are at stake, with the New Collective Quantified Goal (NCQG) negotiations in the spotlight. Despite two years of preparatory meetings, negotiators have made little progress on crucial issues including on the question of who should pay and how much. Concerns that a decision on the NCQG will be postponed to COP30 in Brazil next year are fuelled by the re-election of Donald Trump and consequent US non-cooperation on climate.

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Given the current political environment, the NCQG negotiations offer the EU a significant chance to demonstrate its reliability to the Global South, rebuild trust, and forge essential alliances beyond traditional Western partnerships to tackle global challenges of the magnitude of climate change. In this column, we emphasise the critical importance of the NCQG and outline the EU's pivotal role in securing an ambitious outcome.

The national climate strategies and plans of many developing countries are conditional on external financial support. If those needs are not met, developing countries lack the resources to reduce emissions, adapt to climate change, and prevent dangerous global temperature rise and natural disasters such as floods and droughts. Without doubt, a potential withdrawal of the US from the Paris Agreement (or even from the UNFCCC) as the largest historical emitter risks jeopardising the ambitions of other countries. EU support for an ambitious NCQG would be essential to prevent such a domino effect. The cumulative needs of developing countries until 2030 to achieve their national climate targets amount to up to 6.8 trillion USD. The NCQG has an important signalling and leveraging effect to governments, but also to the private sector, financial institutions and non-state actors how spending and investments at this magnitude can be realised. A three- to fivefold increase in concessional finance by 2030 is considered crucial to meet high-priority needs and the EU plays a vital role in securing public international finance at this scale.

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Acknowledging the historical responsibility of industrialised nations (the polluter pays principle) is crucial to climate justice, the right to development, and a just transition. The EU must now show political will and flexibility. Backing an ambitious NCQG is strategically vital in the rapidly changing geopolitical landscape. So far, the EU has largely sided with the US and other industrialised countries by mainly focusing on the need to extend the contributor base of climate finance while failing to determine what financial commitment the EU itself is prepared to make. Two years ago, the EU played a vital role in the COP decision for establishing the Fund for Responding to Loss and Damage. Last year, the EU stood with the high ambition coalition of countries, pushing for a phasing out of fossil fuels. By holding back on the climate finance target, the EU risks gambling away its global leadership role on climate.

The UNFCCC climate negotiations are among the most prolific and politicised international negotiations, playing a key role in maintaining communication channels between otherwise rival countries. Climate finance is widely perceived as a "make-or-break" element that not only has the potential to derail the climate negotiations, but also to significantly undermine trust and progress on other climate-related matters and multilateral processes. Currently, trust is at an all-time low between the West and the Global South. The EU, as the world's largest contributor of climate finance, needs to continue to fulfil its global responsibility and support an ambitious climate target – even more so after the expected US non-cooperation under the UNFCCC once Trump takes office. Instead of getting bogged down in the discussion on the contributor base, and attempts to make emerging economies such as China or the Gulf States contribute as well, the EU should position itself more strongly so that the architecture of the NCQG includes clear burden-sharing arrangements. Adopting a burden-sharing mechanism would even serve the EU's interests as it could concentrate on its own ascribed contributions rather than having to make up for the failures of other countries in achieving a collective target.

European countries also face intense pressure from domestic politics, tight fiscal constraints, and populist right-wing parties questioning international engagement and spending. To justify development and climate spending, it is politically imperative to enrich the domestic debate with a global perspective that acknowledges the EU's international obligations and the repercussions of not fulfilling them.

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