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Navigating the Geopolitics of the New Collective Quantified Goal on Climate Finance

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Introduction

Climate change is expensive due to the costs of impacts and responses to climate change. The world is estimated to need about US$10 trillion annually in climate finance from 2031 to 2050[1]. Rich developed countries have thus far failed to meet a 2009 promise to deliver a mere $100 billion per year of climate finance to poorer countries. Mobilising greater quantities of climate finance is the subject of this year's United Nations climate meeting in Azerbaijan called the 29th Conference of the Parties (COP29).

COP is a yearly meeting held by the United Nations for countries to address climate change. One of the main fault lines at the upcoming COP in November 2024 is negotiations over a new collective quantified goal (NCQG) on climate finance. The NCQG is climate negotiation speak for a new

[1] Buchner et al. (2023)

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global goal to streamline and fill existing and future climate finance gaps. At its core, it is an agreement to mobilise money from developed countries to developing countries to finance actions to deal with climate change impacts. Climate commitments cannot be turned into action without adequate finance. For this agreement to come into effect, Parties to the United Nations Framework Convention on Climate Change (UNFCCC), the overarching global climate treaty, need to reach a consensus but the negotiations must overcome geopolitical and economic divisions.

Though the NCQG is a global goal, it impacts how Parties to the UNFCCC implement climate commitments within their respective countries. For instance, Malaysia has taken up the task of energy transition through its National Energy Transition Roadmap (NETR) which would cost RM1.2 trillion under the most conservative estimate. This is an amount nearly equal to Malaysia's total government debt as of April 2024 - RM1.22 trillion[2] - implying that if NETR were to be publicly financed, it would entail doubling our sovereign debt.

The lowest cost estimate of NETR's investment needs is nearly equal to Malaysia's total government debt as of April 2024, this would entail a doubling of our sovereign debt if NETR were to be publicly financed.

The energy transition is only a portion of the climate transition costs Malaysia faces. The country will also need to spend on adaptation measures to tackle increased flood risk, heat stress, and sea-level rise swallowing its coastline. The costs of response measures are yet to be estimated by the government. These may exceed another trillion ringgit leading to the likelihood of Malaysia needing some degree of external financing to meet its climate costs. Additionally, Malaysia is due to submit its updated climate goals in the form of a nationally determined contribution (NDC)[3] to the UN in February 2025 to indicate increased climate ambitions since its last submission in 2021. Malaysia must carefully consider the NCQG negotiation outcomes to ensure the commitments Malaysia pledges to are financially sound.

Making climate commitments that cannot be financed would mean that Malaysia could miss its targets and find itself more vulnerable to or even more culpable for climate change. Malaysia's existing climate strategy is to make commitments without considering whether they can be adequately domestically financed. This makes its abandonment of international financing conditionality in its 2021 UN climate goal all the more puzzling. The latter implies that Malaysia is capable of self-financing climate transition. However, the reigning fiscal policy is one of consolidation which runs counter to doubling government debt.

[2] This figure excludes contingent liabilities which if included would bring the total to RM1.58 trillion. Choy (2024)
[3] An NDC is a national commitment to reduce GHG emissions under the Paris Agreement. Parties are legally obliged to have an NDC and must update it every 5 years. However, the NDC's achievement is not legally binding or an enforceable commitment.

The Significance of the UNFCCC's Paris Agreement to Climate Finance

While countries are individually "equal" in the UN climate negotiations, they are far from equal when considering contributions to greenhouse gas (GHG) emissions, rate of development, and vulnerability to climate change. This does not however deter the UN from attempting to level the playing field through the UNFCCC. The UNFCCC can be regarded as an international parliament that allows each country to present and defend its respective interests individually or as a bloc on limiting climate change impacts through actions and initiatives. However, there is no process for majority voting, so decisions must be reached by consensus. Unfortunately, this also allows for individual countries to withhold consensus.

The UNFCCC's ultimate objective is to stabilise the global climate system (Article 2). It proposes to do so based on the principles of equity and:

> *Common but differentiated responsibilities and respective capabilities. Accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof. (Article 3)*

Furthermore, the treaty calls for the "specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change" or "that would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration" (Article 3).

Thus, at the highest legal level of international climate treaties, there are fundamental considerations for the special economic circumstances of developing countries and their lesser responsibility for contributing to climate change.

Article 9 of the Paris Agreement (PA), the current implementing treaty of the UNFCCC, states that:

1. *Developed country Parties shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention.*

2. *Other Parties are encouraged to provide or continue to provide such support voluntarily.*

Because reducing greenhouse gas emissions effectively means reducing the usage of fossil fuels, this process threatens to be a constraint on economic development for fossil fuel-dependent countries or those with limited access to alternatives. If not carefully managed, compliance with the UNFCCC and its subsidiary treaties could constrain a state's economic potential and consequently its geopolitical power. The largest fossil polluter and global hegemon, the United States (US), has pulled out of climate treaties more than once.

Articles 2 and 3 of the UNFCCC lay the basis for competitive claim-making by developed and developing countries. Developed countries such as the European Union (EU) would seek to downplay equity and the differentiated aspects of common responsibilities. They would argue for the NCQG to "expand the contributor base" as per Article 9.2 of the PA (which is voluntary), rather than elaborate on their obligations under Article 9.1 (which is mandatory: "shall"). Calls to expand the contributor base are particularly aimed at rising developing countries such as China which are viewed as serious economic competitors to developed countries.

Background

COP29's climate finance negotiations are taking place against a history of unmet global climate finance goals and a breakdown of trust among developed and developing countries. Climate finance burdens for developing countries have increased since the 2015 PA replaced the 1997 Kyoto Protocol (KP).

Based on common but differentiated responsibilities (CBDR) and developed countries taking the lead, the KP set binding emission reduction commitments for developed countries which was eventually abandoned by the US, Canada, Japan, New Zealand, and Russia. Drawing them back in, the PA expanded emission reduction commitments to developing countries. This helped assuage developed countries' anxieties over emission reductions compromising their competitiveness against rising developing countries. In contrast, universal commitments under the PA added additional financing pressure to developing countries' ongoing efforts to pursue sustainable development and poverty eradication. Balancing these commitments were obligations for developed countries to provide financial resources to developing countries (Article 9.1) and to "take the lead" in mobilising climate finance (Article 9.3).

The Unmet $100 Billion a Year by 2020 Goal

The NCQG supersedes the $100 billion a year by 2020 goal pledged in 2009 by developed countries. The goal was first conceived in the 2009 Copenhagen Accord when climate negotiations were faltering coupled with the pressure exerted by developing countries on developed countries to compensate for climate problems caused by the latter. The $100 billion a year fund was meant to help developing countries cope with increasing climate change impacts while transitioning to low-carbon economies. Basically, the proposed goal was meant to appease developing countries. Still, how the goal would be achieved was purposely kept vague towards the end of its negotiation because of careful wording[4].

> *[D]eveloped countries commit to a goal of mobilizing jointly USD 100 billion dollars a year by 2020 to address the needs of developing countries. This funding will come from a wide variety of sources, public*

[4] Roberts and Weikmans (2016)

and private, bilateral and multilateral, including alternative sources of finance.[5]

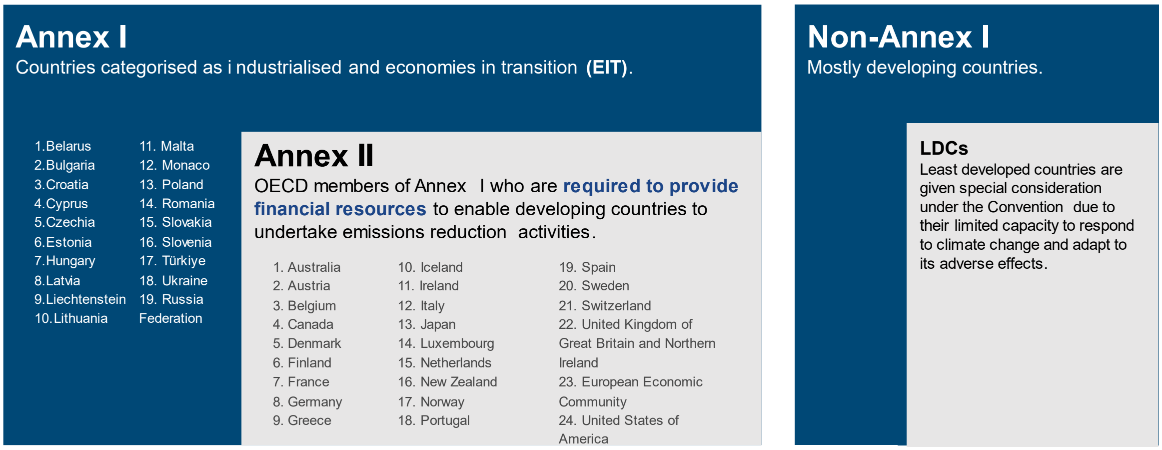
By 2020 however, the goal remained unmet despite claims made by developed countries and was subsequently extended to 2025. Hence, the NCQG aims to be more robust, based on the lessons from the unmet $100 billion a year goal. At the latest meeting in September 2024, issues dividing developed and developing countries remained the same, which means that the unmet $100 billion goal remains outstanding. These issues will be explored further in a subsequent Views article.

Geopolitical Landscape

The UNFCCC uses two broad categories to differentiate countries: countries listed in Annex I to the Framework Convention on Climate Change correspond to developed countries, while non-Annex I refers to developing countries[6] (See Figure 1 and Figure 2). Another category that needs to be mentioned is least developed countries (LDCs) because of their unique position of being highly vulnerable to economic and environmental shocks coupled with low levels of human assets[7].

Thus, while the UNFCCC and PA are ostensibly "environmental" negotiations, the primary political cleavage is economic status. Other collective identities are based on geographical proximity (regional groupings), geographical features (small island states), and geopolitical affiliation (e.g. Western allies).

Figure 1: Classification of Parties by Annex according to the UNFCCC



Source: UNFCCC and KRI visualisation

During the latest NCQG negotiation at the Bonn Climate Change Conference of the Subsidiary Bodies in June 2024 (SB60), 23 discussion items were mentioned (See Table 1) that can be

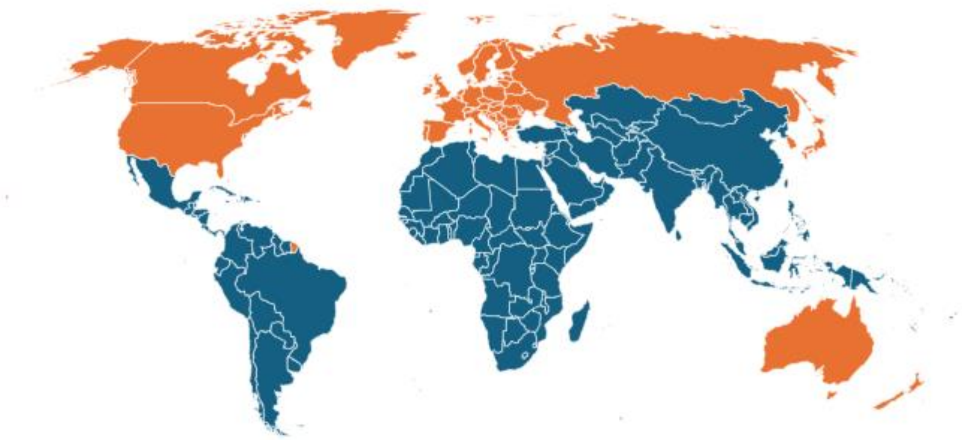
[5] UNFCCC (2009)

[6] "The developing economies broadly comprise Africa, Latin America and the Caribbean, Asia without Israel, Japan, and the Republic of Korea, and Oceania without Australia and New Zealand. The developed economies broadly comprise Northern America and Europe, Israel, Japan, the Republic of Korea, Australia, and New Zealand." UNCTAD (2023b)

[7] UN, n.d.

categorised into seven elements that make up the NCQG (See Figure 3). The rate of mentions is the number of times the items were mentioned by Parties to the PA, whether as a country or a bloc. To explore the NCQG from different lenses, the following perspectives are presented to make sense of the polarising positions that make reaching consensus difficult.

Figure 2: Visualisation of the broad classification of developed and developing countries



Source: UNCTAD (2023) and KRI visualisation

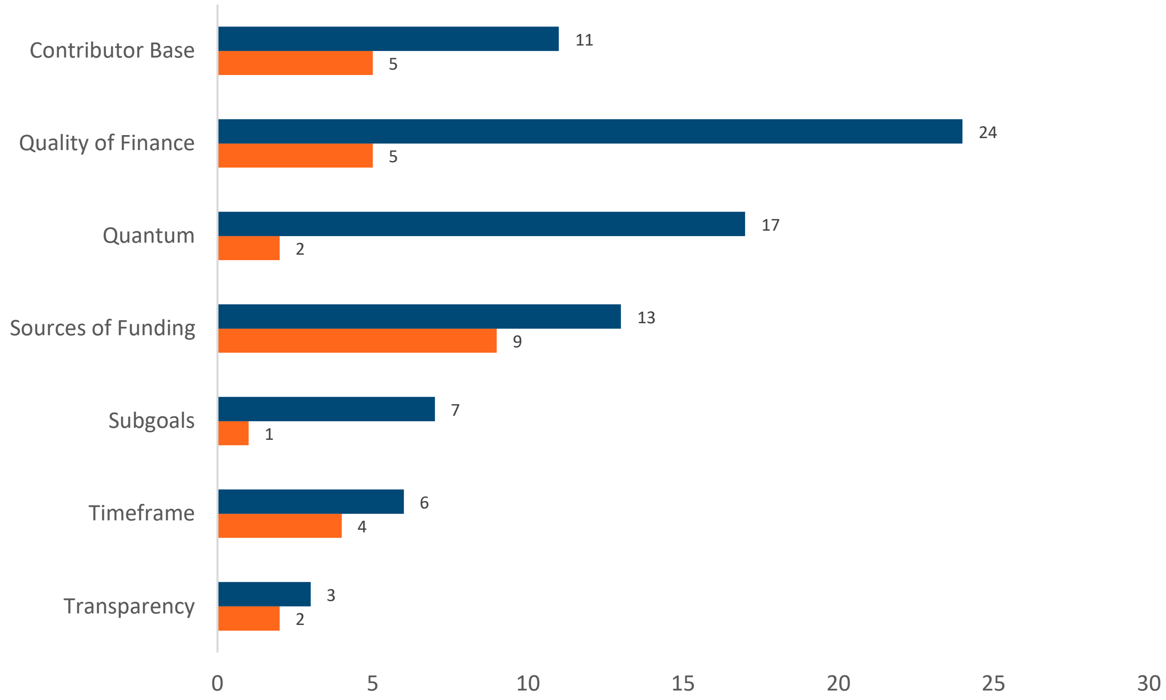
Table 1: Rate of mentions by developed and developing countries on NCQG issues at the NCQG discussions at SB60, 2024.

No	Issue/Position	Developed Countries	Developing Countries
1	Based on the needs of developing countries	1	7
2	Includes loss and damage finance	1	7
3	Climate finance largely delivered as grants, not loans	0	6
4	Principles of equity and CBDR are covered	1	6
5	Climate finance aligned with NDCs and other national plans	0	5
6	Define climate finance	0	5
7	Expand contributor base beyond developed countries	4	5
8	At least $1tn mobilised per year	0	4
9	Improved access to climate finance	3	4
10	Includes a mix of public finance and other sources	3	4
11	No 'double counting' with other aid	0	4
12	Reference to Article 2.1c	1	4
13	All developing countries can access	0	3
14	Importance of enhanced transparency framework in reporting finance	2	3
15	Includes domestic resource mobilisation	3	3
16	Ten-year goal	2	3
17	Emphasise role of MDBs	2	2
18	Five-year goal, then review	1	2
19	SIDS and LDCs have special status	1	2

20	Developed countries pay $100bn arrears	0	1
21	Goal period of 2025-2030, then review	1	1
22	Finance provided from a floor of $100bn a year	1	0
23	Reform international financial architecture	1	0

Source: Gabbatiss and Lempriere (2024)

Figure 3: Rate of mentions of the NCQG elements by developed and developing countries



Source: Gabbatiss and Lempriere (2024) and KRI's calculations

The Conversation on the NCQG from Three Perspectives

Developed countries are 36 countries distinguished by their high levels of economic development tied to high levels of fossil fuel use during their industrialisation. For example, the US, the United Kingdom, Japan, and 27 members of the EU have a collective cumulative carbon dioxide emissions share of 50.4% compared to the rest of the world[8]. Based on the principles of equity and CBDR, and the articles of the UNFCCC, they are obliged to provide new and additional financial resources to developing countries to help the latter achieve their climate ambitions which would ultimately benefit all Parties (Article 4.3). However, their actions tend to not be consistent with this.

In relation to the $100 billion a year goal by 2020, the OECD claimed that developed countries reached the goal in 2022, ahead of the extended deadline of 2025[9]. It was however refuted and

[8] Friedlingstein et al. (2022)
[9] OECD (2024)

noted that developed countries contributed under a third, perhaps even less, than what was reported[10]. This was supported by a report by Oxfam in 2024 refuting the numbers reported by the OECD[11] and a statement by the co-chairs of the first Global Stocktake (GST1) in 2023 at COP28 where they expressed regret over the unachieved goal[12]:

> *Notes with deep regret that the goal of developed country Parties to mobilize jointly USD 100 billion per year by 2020 in the context of meaningful mitigation actions and transparency on implementation was not met in 2021, including owing to challenges in mobilizing finance from private sources, and welcomes the ongoing efforts of developed country Parties towards achieving the goal of mobilizing jointly USD 100 billion per year.*[13]

In the NCQG negotiations (See Table 1), developed countries mainly emphasised expanding the contributor base to include richer developing countries and possibly the private sector. The logic behind spreading out their responsibility expands to using other sources of finance beyond public financing, including but not limited to private financing and intermediaries such as multilateral development banks (MDBs). This is troubling as only countries, not firms, are signatories to the PA and are answerable to the UNFCCC. Aside from the US, developed countries did not commit to any quantum in the NCQG nor decide on a timeframe to manage the goal. They also opposed having subgoals such as loss and damage (L&D) within the NCQG, removing critical climate ambition milestones and making them unmeasurable. There is also little clarification on what developed countries consider as improving access to climate finance given their positions on the aforementioned items. All in all, their positions make the new goal less concrete and would make achieving it even more challenging.

Developing countries view the delivery and mobilisation of the NCQG as a legal obligation of developed countries under the PA and that developing countries should be recipients of climate finance, rather than contributors (see Table 1). The UNFCCC's occasional needs determination report (NDR) estimates that developing countries would need up to US$5.01-6.85 trillion cumulatively until 2030 to meet their current submitted PA obligations[14]. This estimation is limited due to incomplete information – only 98 Parties identified their costed needs out of the 142 Parties who submitted their NDCs. Therefore, the finance figures suggested are likely to be underestimates.

In the negotiations, developing countries maintained that climate finance must be based on developing countries' needs, and the alignment of climate finance to NDCs and other national

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[10] Kowalzig (2024)
[11] Oxfam (2024)
[12] UNFCCC (2023)
[13] UNFCCC (2023)
[14] UNFCCC (2024)

plans. They recognise increasing climate finance needs and taking into consideration the unmet $100 billion a year goal, some developing countries are compromising by requesting a quantum goal of mobilising at least $1 trillion a year. They stressed the inclusion of sub-goals in the NCQG for measured response across all three pillars of climate action namely mitigation, adaptation, and L&D. Recognising that developing countries receive the short end in the current climate finance landscape, they want climate finance to be properly defined to encourage its delivery in the form of grants or grant equivalents, as opposed to loans. A common climate finance definition would also prevent 'double counting' ensuring that the NCQG's purpose and function are met.

LDCs have a special status recognised in the PA that Parties are expected to respect. Their low level of economic development pushes their starting point behind most developing countries when it comes to addressing climate change, amplified by their underfunded sustainable development goals in areas such as poverty, education, as well as nutrition and health[15]. LDCs received less than 3% of global climate finance flows in 2021/2022, amounting to around $30 billion[16].

In the negotiations, LDCs' priorities for the NCQG include recognition for their special status enshrined in the PA, the adherence to the principles of equity and CBDR, inclusion of the L&D sub-goal, a clear definition of climate finance, and the primary delivery of climate finance in the form of grants. LDCs underscored that climate finance be aligned with NDCs and other national plans because the climate ambitions in their NDCs are contingent largely on technology transfer, and capacity building which are mobilised by external finance[17].

> *Taking full account of the specific needs and special situations of the least developed countries with regard to funding and transfer of technology.*[18]

LDCs are typically debt-distressed. While the majority of existing climate finance received by LDCs is in the form of grants, around 17% of financing is in the form of market-rate loans which debt-distressed countries would struggle to service[19].

Perspectives on the NCQG by Sub-blocs

Underneath the broad economic categories of nations, sub-blocs can better reflect regional perspectives and narratives to understand the complexity of the negotiations (See Glossary for detailed make-up of the sub-blocs). As seen in Figure 3, there are overlapping blocs of countries, at times making reaching a consensus challenging.

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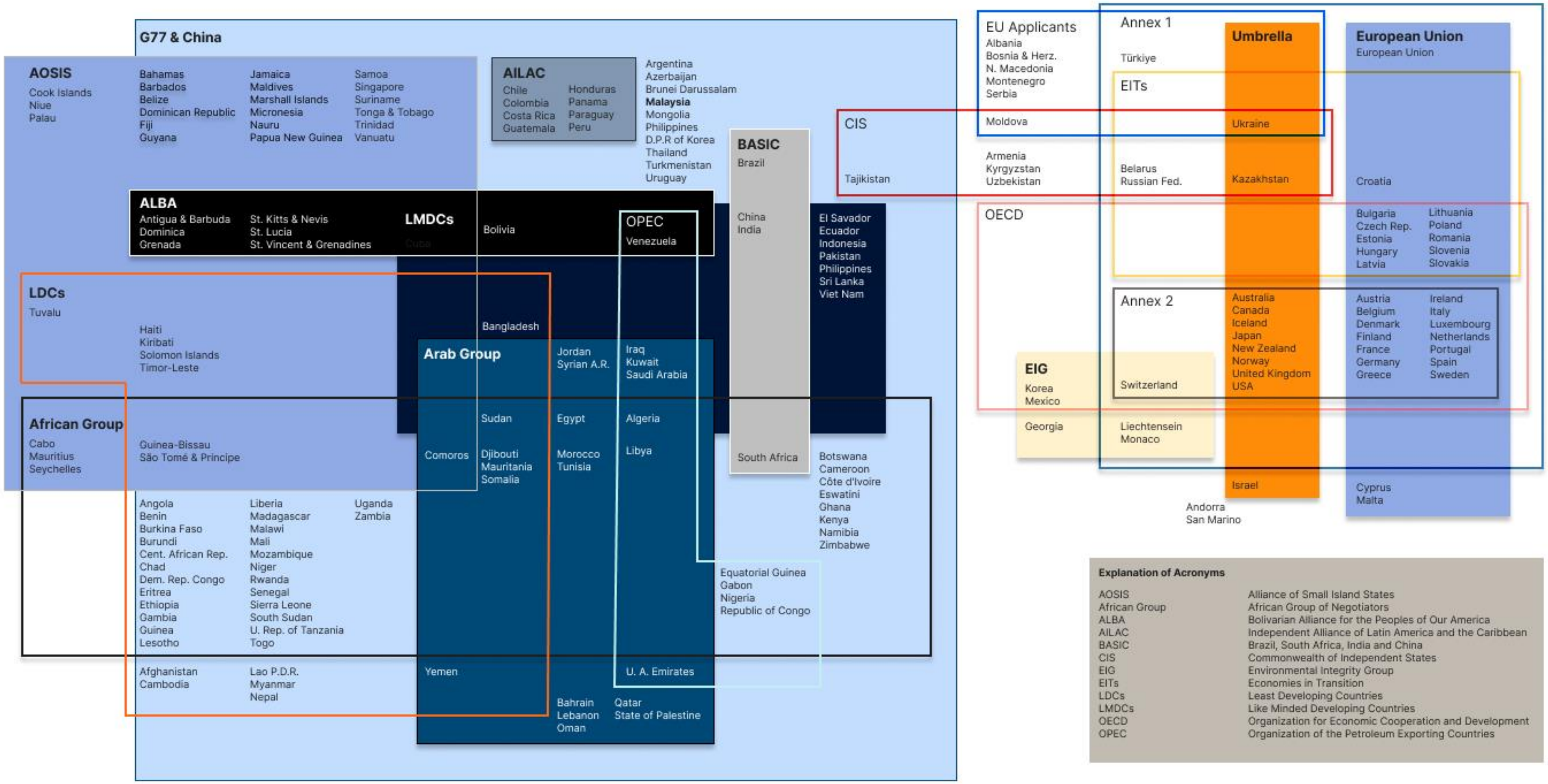
[15] UNCTAD (2023a)
[16] Buchner et al. (2023)
[17] UNCTAD (2023a)
[18] UNFCCC (2015)
[19] Buchner, et al. (2023)

Figure 3: Sub-blocs within the UNFCCC



Source: UNFCCC and KRI visualisation

Malaysia in the Geopolitical Landscape

Though Malaysia is one of 136 countries within the Group of 77/China (G77/China) bloc, the majority position in the largest of developing country groupings may not always necessarily reflect Malaysia's interests. Malaysia used to be in the Like-Minded Developing Countries (LMDC) group but left sometime after 2020, remaining only in G77/China. As G77/China is the largest bloc in the UNFCCC, Malaysia needs to actively participate more within the bloc to be heard.

As a developing country in Southeast Asia, Malaysia expressed interest in forming an Association of Southeast Asian Nations (ASEAN) bloc during SB60. This announcement is partly driven by Malaysia chairing ASEAN in 2025. Though leveraging on regional commonality makes sense, there is no established working identity in the climate negotiations given the ASEAN Way which emphasises closed-door diplomacy, non-interference, and non-confrontationality. If the ASEAN Way applies to the UN negotiation process, reaching a consensus within the bloc on its positions would be its own challenge.

Outside of the UNFCCC, Malaysia has applied to join the global south grouping BRICS. However, some within Malaysia have also expressed interest in being part of the rich country club, the OECD[20]. Choosing both potentially leads to a conflicting stance on the climate finance issue. This is a dichotomy that Malaysia has to grapple with as it is a matter of which characteristics Malaysia identifies with: is it a developing country that requires climate finance assistance to achieve its climate ambitions or a developed country ready to contribute climate finance to the rest of the world?

Malaysia's Negotiating Position

Malaysia's proposed negotiation position on the NCQG is accentuated by the fact that developing countries should receive assistance according to the principle of CBDR while emphasising that developing countries' increased climate ambitions hinge on forthcoming funding which is new and additional. The two areas that Malaysia has its eye on are the climate finance quantum and contributor base. With the quantum, Malaysia favours grants amounting to either $5 trillion a year or $1.2 trillion reviewed every 5 years, opting for a shorter review cycle that would encourage proper monitoring of the goal. With the contributor base, Malaysia opposes its expansion citing the stated obligations of developed countries (PA Article 9.1) and that those obligations are voluntary for developing countries (PA Article 9.2). Hence, Malaysia's proposed positions on the NCQG reflect the wider sentiment of developing countries that are further explored in the following sub-blocs.

African Group (AGN)

The AGN comprises 54 countries in the African continent with 35 of its members being part of the LDCs. As a region, Africa's climate finance flows swelled in 2022. Though encouraging, climate finance flows met only 23% of Africa's needs, creating a significant gap in meeting climate

[20] Jalil (2024)

ambitions. 51% of their climate finance is delivered in debt form despite the region's high debt vulnerability[21].

In negotiations, the AGN expressed support for the role of multilateral development finance institutions (DFIs) which are the largest climate finance provider in the African region, providing 43% of Africa's overall climate finance. AGN prioritises finance in the form of grants rather than loans. DFIs deliver market-rate loans, low-cost loans, and grants[22].

Notably, in the NCQG discussions the AGN opposes reference to PA's Article 2.1(c) which reads:

> *Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.*

Seemingly well-meaning, it has contested interpretations. The reference to Article 2.1(c) in ongoing discussions has no agreed-upon understanding[23]. One interpretation according to developed countries is singling out and prioritising "making finance flows consistent" by any means. Developed countries particularly use this interpretation to justify expanding the contributor base to include the private sector finance and advanced developing countries who are 'wealthy' with the reasoning to increase finance flows to achieve the goal. However, including developing countries, even advanced ones, is inconsistent with the principle of CBDR. Whereas the private sector cannot be a signatory to the PA as only countries are Parties to the UNFCCC, thus excluding the private sector from the roles and responsibilities assigned under the UNFCCC.

Malaysia can align with AGN on the latter's opposition to Article 2.1(c) on the basis of not expanding the contributor base to include developing countries.

Alliance of Small Island States (AOSIS)

AOSIS comprises 39 Parties and five Observer members. Unlike other sub-blocs based on regional geography, AOSIS is based on the common physical vulnerability faced by the geographical feature in their name[24]. AOSIS includes some Independent Alliance of Latin America and the Caribbean (AILAC) members and small island developing states (SIDS) which includes wealthy Singapore.

Considering their economic and political alliance with regional neighbours such as the US, AOSIS' positions do not necessarily reflect their vulnerable conditions. Instead, they reflect their political conditions. Their positions are less hardline, especially on the climate finance structure – for instance, despite wanting grants instead of loans, they are open to mixing public finance with other sources which blurs their stance on sources of funding. Sources of funding are an ongoing

[21] Meattle et al. (2024)
[22] Ibid.
[23] Alayza (2024)
[24] UN, n.d.

debate between Parties because it would dilute the responsibility of developed countries as climate finance providers.

Thus, Malaysia's interest does not align with AOSIS's despite both being part of the G77/China bloc.

Arab Group

Arab Group comprises 22 Parties in the Middle East and Northern Africa. In the negotiations, their priorities echo most developing countries. Because of their increasing regional and global power and capabilities, they are one of the few blocs that are able to directly oppose developed country positions. As a result, they are the only bloc to suggest that developed countries pay $100 billion in arrears to make up for the unmet $100 billion a year target. They too oppose the reference to PA Article 2.1(c) because it may be argued that the oil and gas industry is not in line with a "pathway towards low greenhouse gas emissions and climate-resilient development".

Malaysia can relate to the Arab Group as oil and gas producers. Given how much state-owned oil and gas companies have contributed to national development, Malaysia can take a page out of the Arab Group's book in underscoring climate ambitions with conditionalities.

European Union (EU)

The EU bloc is represented by the European Commission (EC) which represents the interests of its 27 Member States. Though individual EU members are Parties to the Convention and the PA, the EU bloc holds an Observer status in the process and has no decision-making power, instead delegating negotiations to the EC. Generally, the EU is very forward in its climate ambitions going as far as making it legally binding in the EU for them to achieve climate neutrality and reach net zero emissions by 2050[25]. To accommodate the many national circumstances of their 27 Member States, they do not take many hardline positions in the negotiations except for certain issues such as supporting the expansion of the contributor base and opposing the inclusion of an L&D sub-goal.

These positions go against the principle of CBDR thus establishing no commonality with Malaysia's NCQG positions.

Group of 77 and China (G77/China)

G77/China is the largest single-country grouping comprising 135 countries and one observer member (Iran). The bloc consists of developing and least developed countries from almost all regions in the world[26], sharing a history of colonisation and marginalisation. The G77/China position on the NCQG refers to the PA, especially Article 9 on climate finance, and abiding by the principles of equity and CBDR – shared redlines of Malaysia. Since Malaysia is part of this bloc,

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[25] European Parliament (2018)

[26] The United Nations identifies 6 geographical regions: Africa; Asia; Europe; Latin America and the Caribbean; Northern America, and Oceania.

Malaysia can benefit from its power in numbers while keeping in mind the various sub-blocs' interests. Though there are conflicting positions within the bloc, the priority is to uphold G77/China's position as it represents the overall developing country interest.

Like-Minded Developing Country (LMDC)

A shifting grouping over a dozen developing countries, LMDC takes the developing country position a step further and reflects some of their key members' economic power such as China and Saudi Arabia. Their approach is informed by the lessons of the unmet $100 billion a year goal, highlighting the failure of developed countries to bear responsibility in achieving a global goal. They are the only bloc to state a new target of mobilising at least $1 trillion a year, more than the unmet $100 billion a year target, but less than the estimated climate finance needed through 2030 of around $8.1 trillion[27]. The $1 trillion a year goal is complemented by positions such as the improvement of climate finance accessibility and determining the definition of climate finance.

Given Malaysia's place within the LMDC up until a few years ago, Malaysia's interests and economic considerations aligned with the LMDC which afforded Malaysia a space to advocate for assistance with conditionalities such as receiving climate finance assistance despite positive national development because Malaysia is still a developing country. Bearing in mind the changing LMDC membership, this bloc can be considered an advantageous ally in the NCQG negotiations should Malaysia rejoin.

The United States (US)

The US is the largest historical emitter, releasing more than 509 $GtCO_2$ since 1850[28], amounting to a global emissions share of 24.9%[29]. Their differentiating position is choosing a financial target from a floor of $100 billion a year. Like other developed countries, the US wants to expand the contributor base beyond itself, sharing the contributor responsibility with Parties and other stakeholders who are not assigned the contributor role under the PA.

Though the US is one of Malaysia's largest export partners, the US's position on the NCQG quantum is less than a tenth of Malaysia's. The US also supports the expansion of the contributor base, another of Malaysia's redlines because it is against the PA. Referring to the lessons of the unmet $100 billion a year goal, Malaysia should not accept the bare minimum from developed countries especially ones who have more means to deliver its obligations under the UNFCCC.

Conclusion – The NCQG is a War of Narratives

Fossil fuel-producing developing countries are under scrutiny by developed countries over their current emissions. This is a distraction from historical emissions which drive current and ongoing climate change. Malaysia is never singled out as it is overshadowed by larger oil and gas

[27] Buchner et al. (2023)
[28] Evans (2021)
[29] Friedlingstein et al. (2022)

producers, nor does it stand out in the negotiations by being part of the G77/China bloc. The biggest critics of Malaysia's emissions are domestic. However, the PA obliges Parties to reduce their emissions based on their capabilities. Malaysia may refer to the UNFCCC Article 4.8(h) which provides consideration to developing countries that are fossil-fuel producers. Developing countries ought not to have to choose between economic development and climate survival because both ensure the well-being of the people, consistent with UNFCCC Article 3.4 and PA Article 2.1. Coupled with the fast-approaching NDC submission deadline in February 2025, Malaysia can start its strategy by reintroducing financial conditionalities within its upgraded NDC. Malaysia's NDCs ambitions should carefully reconcile climate responsibilities with developmental responsibilities.

Consensus-based decisions in the UNFCCC are tedious but the process serves a necessary function for all Parties to be part of the decision-making process because the negotiation outcomes are legally binding. Reflecting on the varying perspectives and positions above, prior to COP29 Malaysia should ideally have conducted an assessment of its climate finance needs combined with a long-term strategic plan. This would offer a robust basis to evaluate the NCQG negotiations.

Likewise, Malaysia cannot be expected to project a high level of ambition in its revised NDC come February 2025 if the NCQG outcome from COP29 is inadequate.

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Glossary of Blocs/Countries under the UNFCCC

a. African Group (AGN) – Comprises 54 countries in the African continent. 35 of its members are part of the LDCs.
b. Alliance of Small Island States (AOSIS) - Comprises 39 countries and 5 observer members. It is an intergovernmental organisation of low-lying coastal and small island countries meant to influence international environmental policy. Thus, it is closely linked with climate policy, specifically with the UNFCCC.
c. Annex I – Comprises 43 Parties to the UNFCCC, which are classified as developed countries that are members of the Organisation for Economic Co-operation and Development (OECD) in 1992 and transitional economies (EIT). EIT Parties include the Russian Federation, the Baltic States, and several Central and Eastern European States.
d. Annex II – Comprises 29 Parties to the UNFCCC, which are OECD members of Annex I excluding EIT Parties (as of 1992). Annex II Parties are required to aid in the form of financial and technical support to the EITs and developing countries in their GHG reduction and climate change impacts management.
e. Arab Group – Comprises 22 countries in the Middle East and Northern Africa.
f. European Union - Comprises 27 member states of the EU. Though the EU is a Party to the Convention, it does not have a separate vote, unlike its member states.
g. Group of 77 and China – Comprises 135 countries and 1 observer member (Iran). The G77/China is made up of various other groupings such as LMDC, LDC, SUR, and SIDs. Its members share a history of colonialisation and marginalisation. Malaysia is part of this grouping.
h. Independent Alliance of Latin America and the Caribbean (AILAC) - Comprises 8 countries from Latin America and the Caribbean, namely Chile, Columbia, Costa Rica, Guatemala, Honduras, Panama, Paraguay, and Peru. Some of AILAC's members are part of AOSIS.
i. Least Developing Countries (LDC) – LDC is both a bloc and a status under the UNFCCC. Comprises 45 low-income countries. They are highly vulnerable to economic and environmental shocks, as well as have low levels of human assets which are characterised by the accumulated knowledge and skills of their people that make a country productive. Consequently, they are given special consideration under the Convention and other Parties are urged to factor in this for funding and technology-transfer activities.
j. Like-Minded Developing Countries (LMDC) – As of September 2024, LMDC comprises 14 developing countries representing around 50% of the world's population. The countries are Bolivia, China, Cuba, Egypt, India, Iran, Iraq, Kuwait, Pakistan, Qatar, Saudi Arabia, Sri Lanka, Venezuela, and Vietnam. Malaysia was a founding member of LMDC and left after 2020.
k. Non-Annex I – Comprises 155 countries, which are widely classified as developing countries.
l. Observer – A participant in a process but has no decision-making power.
m. Party – A country that ratified an agreement and can engage in the decision-making process for its implementation.
n. Small Island Developing States (SIDS) – SIDS is a status under the UNFCCC and comprises 39 countries and 18 associate members, located in three geographical regions: the Caribbean, the Pacific, and the Atlantic, Indian Ocean, and South China Sea (AIS). Eight of the SIDS members are also part of the LDCs.

o. Umbrella Group – Comprises 11 countries which is a loose coalition of non-EU developed countries. This group was formed following the adoption of the Kyoto Protocol. The countries are Australia, Canada, Iceland, Israel, Japan, New Zealand, Kazakhstan, Norway, Ukraine, the United Kingdom, and the United States.