

# ECO



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## Rising Stakes in Nairobi

Climate Action Network (CAN) sees this meeting in Nairobi as a crucial opportunity to ensure a process capable of producing a global agreement able to meet the challenge of preventing dangerous climate change and building on the tracks mapped out in Montreal.

COP12 is already notable for being the first climate COP in sub-Saharan Africa, a region suffering from the adverse impacts of climate change. Parts of our host country have been adversely affected by a prolonged drought punctuated with flooding. Negotiators here in Nairobi do not have to look far to see the urgency of preventing a climate catastrophe.

The most recent scientific evidence by Hansen in 2006 indicates that any warming over 1.8°C above pre-industrial levels constitutes dangerous climate change because of the irreversible impacts triggered above that temperature. Other recent papers demonstrate the melting of the Greenland and West Antarctic ice sheets at a rate even faster than predicted by models. There is also evidence that the Arctic permafrost is beginning to melt, triggering massive emissions of methane. Clearly, the time to act has come.

What is needed is a comprehensive package for global emissions reductions in the immediate post-2012 period. During COP11 and COP/MOP1 in Montreal, Parties identified a number of tracks aimed at moving towards a post-2012 agreement, including Article 3.9 (see next page), Article 9 and the Dialogue. The process as it now stands however is fragmented and is unlikely to produce a comprehensive agreement that will come anywhere near producing the scale of reductions required.

The most obvious framework for bringing

together the negotiating tracks is Article 9 of the Kyoto Protocol, which calls for a comprehensive review of the Protocol and Convention starting this year.

In ECO's opinion the best path forward in Nairobi is to ensure that the Article 3.9 and Article 9 tracks in particular:

- Build upon the existing Protocol architecture of absolute emissions reductions for developed countries and flexible mechanisms;
- Be comparable in status;
- Be closely linked to avoid duplication of work and ensure a coherent and fair agreement on future action;
- Be orientated around the amendments needed to the Protocol for the second commitment period; and
- Converge, at some point, to create a single coherent post-2012 instrument.

A positive outcome from the Dialogue may help achieve positive progress on the Article 3.9 and Article 9 discussions. Ultimately the work of the three tracks must facilitate the negotiation of a single coherent agreement that delivers the necessary emissions reductions and adequately addresses the impacts already occurring.

The process just described will require a plan of work far beyond that which can be accomplished within regular negotiating sessions. As a reminder, it took eight meetings over the course of more than two years to prepare for the Kyoto agreement. Hence ECO strongly believes that an intersessional programme is required to achieve real progress.

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## Adapt Your Priorities

Welcome to Africa, the frontline of climate impacts. Developing country delegates, representatives of African nations, this is your time to lead. This is your home court. Use it well.

It is no secret that Least Developed Countries (LDCs) and Small Island Developing States are the most vulnerable to climate change impacts, particularly to food security, water, infrastructure, health and economic sustainability. While funds available for adaptation range from US\$120 million to \$360 million, the World Bank estimated total costs of adaptation in developing countries would require between \$10 billion and \$40 billion annually. It is urgent that this gap be bridged.

The key to this is an operational Adaptation Fund (AF) which can become a potential major vehicle for collecting and delivering innovative funding for adaptation. The AF's advantage is that it is not based on voluntary contributions from developed countries but on the Adaptation Levy on the Clean Development Mechanism (CDM).

The operationalisation and sufficiency of the Convention and Protocol adaptation funds are significant agenda items for COP/MOP 2. The AF was set up as part of the Kyoto Protocol to support "concrete adaptation" in the most vulnerable developing countries. It is based on a 2 per cent levy on Certified Emissions Reductions (CERs) generated from projects under the CDM.

The operationalisation of the AF was tackled in Montreal last year. However, no agreement was reached mainly due to the

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## Hair Today, Gone Tomorrow

The Convention has seen some outstanding Presidents and some ordinary ones. Canada's Rona Ambrose was neither. She might have the best hair of any COP President, but she will be remembered as the worst COP President in the history of the climate convention.

After the brief but impressive performance of COP President Stéphane Dion, participants left Montreal with great hopes for Canada's year in the Presidency. Under Dion's leadership, the COP agreed to move ahead in Montreal despite resistance from the US. Canada went from zero to hero in just two weeks.

With Canada finally getting on track to meet its Kyoto Protocol commitments, the President would finally have been in a position to ask more from other countries without embarrassment. But then, after a change in government and a new Environment Minister, Rona became COP President. It took her two months to take Canada from hero to zero.

She started her tenure as Environment Minister on the domestic front by overseeing her government's gutting of most of the Kyoto implementation programmes that had been put

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### Moving Forward on Article 3.9

Discussions in the open-ended Ad Hoc Working Group (AWG) on Article 3.9 are important for showing good faith on the part of developed countries as Parties prepare for a mandate decision at COP/MOP3. Current emissions trajectories are not conducive to building the trust needed between Parties for progress to be made. Annex 1 countries need to continue to show leadership and bring to the table ideas on future action and evidence of progress in reducing emissions. Specifically, the AWG should reach a common understanding of the required emissions pathways for industrialised countries, in keeping with a global objective of staying well below 2°C of average global warming. Clear progress in the AWG is needed in order to move the post-2012 discussions forward. In 2007, Annex 1 countries should come prepared with new proposals for targets in line with scientific work indicating the need for emissions reductions from industrialised countries of at least 30 per cent by 2020, bearing in mind the need for global emissions to peak in the middle of the next decade and decline rapidly thereafter.

in the place by previous governments.

To be fair to Rona, she was just taking the lead from the new Prime Minister, who said soon after taking office said: "I have said all along that Canada would not achieve the Kyoto targets. Canada could not achieve them, and that's just the reality, but we do want to make progress." Eventually. By 2050.

Prime Minister Harper's contempt for climate protection is not just demonstrated by domestic inaction, he is quick to denigrate international policy making. Just a couple of weeks ago in defending his long awaited but soon discredited "green plan" he said: "Canada's Clean Air Act wasn't written at an international meeting being held in an exotic location."

In trying to put a positive spin on the contempt that her government has for the UN multilateral process, Rona said: "Let's be clear, we're in the Kyoto Protocol, we're working with our United Nations partners."

But not apparently that often – or that closely... Since assuming the presidency, Rona found time away from her hairdresser to show up for about 24 hours in Bonn in May this year for the SB24 meeting, but not enough for the pre-COP 12 meeting in Geneva or the G8+5 meeting in Mexico, where she just sent staff to meet with the many ministers.

We were however impressed with the hair. Good hair, some might say even exceptional hair.

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insistence by some developed countries to designate the Global Environment Facility (GEF) to operate the AF. Many developing countries argued that the GEF had a poor track record among the poorest and most vulnerable countries. In addition, the GEF Council is also dominated by the US, which is not even a Party to the Protocol. While the agenda item was taken up again at SB24 in Bonn in May this year, the impasse remained and discussions at times became acrimonious.

A recent paper put forward by Bubu Jallow of Gambia, Mohammad Reazuddin of Bangladesh and Amjad Abdullah of Maldives proposes that Parties should first address the governance of the AF before deciding on who should manage it. The authors propose the AF should have its own Executive Body with representation from all major world regions (similar to the CDM Executive Board) with one additional seat for the LDCs. They further propose this Executive Board operates under

## A Stern Warning

Delegates cannot have failed to notice a chunky 700-page report addressing the economic implications of climate change which came out last week. The report, led by Sir Nicholas Stern, clearly demonstrates that governments can afford to act – and must do so urgently – to avoid disastrous economic costs in the future. An investment of just 1 per cent in the global economy will avoid costs of 10 per cent, Stern says to show that measures to tackle climate change will have economic benefits.

The independent review, commissioned by the UK Government, warns that a failure to act will cost the global economy US\$2.5 trillion or 20 per cent of gross domestic product. Each tonne of carbon dioxide now emitted has a cost of \$85 a tonne. However, it can be cut at a cost of just \$25 a tonne.

The report suggests that real progress in Nairobi has a global economic significance. A former chief economist at the World Bank, Stern has confirmed there is no trade off between economic growth and addressing climate change concerns. In fact, economic, environmental and social strands of addressing climate change are not only compatible, they are inseparable.

The executive summary of this definitive report states that until now, climate change "is the greatest and widest-ranging market failure ever seen." The principle recommendation of the report is: Strong, deliberate and early action on climate change far outweighs the costs.

the "direct authority and instructions" of COP/MOP and not merely under "guidance" as the GEF does at present. In their paper, adaptation projects should be prioritised for the most vulnerable countries and communities, and the full adaptation costs of the proposed activities be deemed eligible for funding from the AF.

Parties should seriously regard this proposal as a basis for reaching agreement in Nairobi. Such a proposal would not preclude the GEF or any other institution from being the fund manager as long as the designated institution accepts the governance structures and rules agreed by COP/MOP. While the appointment of the AF manager is important, the governance and structure under which it will operate may actually be a higher priority.

The provision of adequate funding for adaptation is paramount. ECO strongly urges Parties to apply the 2 per cent Adaptation Levy on all other flexible mechanisms along with other emissions generating activities such as international air travel.