When your Negotiator says ‘Why do we Need Loss & Damage Finance’? Who you Gonna Call? ‘ECO’!

ECO welcomes the new direction from Parties to hone in on the nuts and bolts of the discussion on finance to address Loss & Damage (L&D). What’s clear is that vulnerable, developing countries need assistance to address L&D, so developed countries must urgently ramp-up action and support. Discussions about some of the central issues like improving the effectiveness of existing institutions or assisting vulnerable countries in better planning are all key, but will be largely insufficient without raising new and additional finance to confront the climate crisis. What ECO observed during yesterday’s discussions made it clear that not all countries are on the same page when it comes to L&D finance. Never fear, ECO is here to answer some burning questions to help negotiators find the light at the end of the COP25 ambition tunnel:

First things first. Why do we need additional financing?

At only 1°C of global warming, climate change fuelled events such as extreme heat waves, rampart forest fires, devastating droughts, ecosystems losses, catastrophic floods, and increasingly destructive hurricanes, typhoons and cyclones, are stealing people’s lives and livelihoods. All are examples of climate driven loss and damage impacts that go beyond what people and ecosystems can adapt to. Currently available funding through existing mechanisms, such as humanitarian aid and disaster response finance, the Green Climate Fund, or Multilateral Development Banks, are either grossly inadequate, or come with problematic conditions such as a requirement for loan repayment. Parties must agree to establish new and innovative sources of public finance that can generate at least US$50 billion by 2022.

Developed country rebuttal: Should the UNFCCC now become a humanitarian agency?

ECO says: Not at all. What the UNFCCC is, is the institution responsible for tackling the global climate challenge. And as a result of its inability to ensure the implementation of adequate efforts to mitigate and adapt to climate change, a significant proportion of the global population is now suffering irreversible climate impacts. The UNFCCC can help by promoting funding mechanisms to fill existing gaps in humanitarian aid, ODA and other existing finance mechanisms, with respective funds being channelled through existing, effective institutions.

Developed country rebuttal: How would loss & damage be defined under a finance facility?

ECO says: Losses and damages are adverse impacts of human-induced climate change that cannot be avoided now or in the future by using mitigation or adaptation measures. L&D measures focus on addressing the socio-economic or human effects of actual irreversible impacts, both before and after a disaster (ex-ante and ex-post) for both sudden and slow onset events. L&D measures are not expected to prevent climate impacts, but mitigation and adaptation can be used to avert L&D. For non-L&D policy wonks, more information on L&D can be found in Article 8 of the Paris Agreement and COP19 Decision 3CR18.

Developed country rebuttal: We have enough institutions, why do we need a new L&D financing facility?

ECO says: Addressing L&D requires a variety of actions, depending on the specific needs in a developing country. New and additional finance needs to be raised in significant amounts for a L&D facility to specifically fund these actions. This facility should channel resources to address diverse needs via existing channels (if useful and effective) and new institutions (to fill identified institutional gaps). ECO thinks it prudent to remind delegates that discussions on the role of different institutions to raise new finance has yet to happen under the WIM. This discussion is long overdue.

ECO hopes this Q&A has been useful and invites Parties to reach out with any questions they may have.

“C’mon!!! Do we really Need 5 Years to Decide on 5 Year Common Time Frames?”

ECO was becoming increasingly impatient sitting at the common time frames session on Wednesday. For the past years, countries have been contemplating different time frame options. These discussions have demonstrated the clear benefits of a five year common time frame.

During the open informal consultation on Wednesday, nearly every Party said they welcomed a decision on common time frames as soon as possible, with many seeking a decision now. Only the EU suggested that the decision could wait until 2022 or 2023.

ECO is disappointed to hear the EU wants to continue the discussion and wonders for what sake. Is this because the EU can’t reach internal agreement on a position?

Well, what more do you need? At some point, the EU needs to agree on a position, and there’s no reason for it not to be a five year common time frame — as many of its members already back.

ECO urges Parties to take a decision on this issue at COP25 and not prolong this any further. But with only two sessions scheduled for the COP, Parties haven’t even given themselves a chance to discuss how to make a decision, never mind make that decision! And while the co-facilitators have proposed efforts to take this work further, the LMDCs are only looking for a procedural decision.

What’s wrong with streamlining the options into a coherent and comparable informal note including all options in decision language?

ECO would be much happier to see brackets than bullets! And, even better, clean text supporting a decision on "common time frames" miss the sad irony in asking for more time?
OMGE! Convincing a Skeptic on “Automatic Cancellation”

Congratulations! You actually decided to read the first sentence of this ECO article, after seeing such an “eye-glazing” Article 6 concept.

To make sure that Article 6 goes beyond zero sum offsetting, ECO believes that the only real way to achieve this principle (and requirement under Article 6.4 of the Paris Agreement) is through “automatic cancellation.” What you may ask? It’s a process where buyers (like a country or an airline for compliance under the ICAO CORSIA) buy some mitigation outcomes and a certain percentage of that purchase has to be set aside for the benefit of the atmosphere. What’s left would then be used by the buyer to help achieve the target. But not everyone agrees on this approach. What follows is the first half of a conversation that ECO had with an “OMGE automatic cancellation skeptic.”

ECO: So, I hear you don’t like OMGE being achieved through automatic cancellation. Why don’t you want it?

OMGE automatic cancellation skeptic: “Well, first off, I think that OMGE through automatic cancellation is a tax on mitigation.”

ECO: No, that’s rather misleading: it’s really a subsidy to developing countries to develop projects that generate mitigation outcomes. Sure, the buyer pays a little bit more for the ITMO, but research shows that if the cancellation rate is 50% or below (and ideally 50% from ECO’s perspective), the sellers, who are likely to be developing countries, will be better off, and so will the planet. If designed correctly, it can even increase the share of proceeds being raised for adaptation.

OMGE automatic cancellation skeptic: But a 50%-10% rate of cancellation won’t matter if you allow Article 6.4 units to be double counted and you allow some Kyoto mechanism credits into the system.

ECO: Of course. The point of OMGE through mandatory cancellation is NOT to fix these bigger issues. Pre-2020 credits being used to meet NDCs would be worse. So would bad rules that allow double counting. And so would silly unambiguous rules governing baselines and the establishment of additionality for baseline and credit mechanisms. Again, this really seems like developed countries trying to pay less for use of markets towards meeting their NDCs.

OMGE automatic cancellation skeptic: Listen, I have to go to an informal informal. Or an informal? Or an Article 6 “get together”? Whatever. Could we please finish this tomorrow?

ECO: Sure, see you then.

Keep it in the Ground!

While there is no formal space in the negotiations to talk about the one thing the climate needs most – the rapid and equitable phase out of all fossil fuels – there has been a flourishing ecology of side events making just this point. Yesterday, there were several debunking the curious idea that, in a climate emergency, we can keep expanding oil and gas. The latter is often – most often in oil company ad campaigns – seen as a “bridging fuel”. Perhaps advocates of this view just mean it’s a “bridge” to climate breakdown. There are certainly cleaner and more effective ways to achieve SDG7: “to ensure affordable, reliable sustainable and modern [surely this is the antithesis of ‘fossil’] energy for all.”

A report launched by the Stockholm Environment Institute, Climate Analytics, and other research organisations this week laid out the discrepancy between countries’ planned fossil fuel production and global production levels consistent with limiting warming to 1.5°C or 2°C. It’s carbon-bombingly, climate changingly big:

At another side event, an advisor to the Climate Vulnerable Forum called upon “Governments and multilateral institutions [to] take bold and decisive leadership to limit fossil fuel production and end the expansion of this industry.….This is a time when real, decisive leadership is needed. Leadership that does not mean simply defending historical, fossil fuel-dominated energy demand but actually helping governments limit warming to 1.5C by 2050.”

In the evening, Pacific Islanders spoke of the havoc being wrought on their homes and of people already having to relocate because of the fossil industry’s products and the sea level rise these are causing.

Today, planetary destroyers BP, Shell and Chevron sought to deflect attention from their culpability with a riveting manel (or man-only panel) on the theme of ‘markets for nature-based solutions’. But biological carbon sinks cannot bridge the fossil production gap. Protesters covered their ears and silently walked out.

In all seriousness, ECO asks Parties to go away and consider how they can close the fossil production gap. And we especially expect the wealthiest fossil fuel producers to sprint into the lead. Ending international fossil fuel subsidies of at least US$775 billion to US$1 trillion per year would seem like a good start.

Not using public money to fund fossil expansion would be another. Elsewhere on the grounds outside IFEMA, ECO saw some wild pikachus demanding that Japan and other G20 countries do just that. Fortunately, the European Investment Bank’s energy lending policy now ends fossil lending (including oil and gas) after 2021 – the other Multilateral Development Banks, which are trendsetters in financial flows, need to follow the EIB’s lead and surpass them.
You have One Job (for the 25th time): Respond to the People and the Science

COP decision text might not always be Shakespeare, but it is how the countries of the world express their collective will and intentions on climate change.

With the world teetering on the edge of total disaster, and with less than one year to decide whether to lock in NDCs that commit us to more than 3 degrees of warming, the signal that UNFCCC Parties send this year on ambition will have a special importance.

Wednesday, Parties had their first round of consultations with the Chilean Presidency on the 1/CP.25 decision; the text that will tell us and all people around the world whether or not they are up to the challenge. Will you do the right thing and send the strong political signal that we need in order for us to again trust you with our futures?

We have been quite clear on our measuring sticks for the 25th gathering of parties — it feels like Groundhog Day, so here we go:

1) Acknowledge that you will be guided by science and the 1.5°C goal.
2) Commit to the highest level of ambition for revised NDCs to be tabled in 2020, well ahead of COP26 and in time for the Secretariat to prepare a synthesis report on the aggregate global ambition level (and seriously you need to deliver those NDCs already by 1st quarter, but there are also other great moments like Earth Day, in April, or the UN Environment Day, in June).
3) Acknowledge the increasing impacts and the devastating loss & damage that is already occurring, in particular in the most vulnerable countries.
4) Include us and other stakeholders such as Indigenous Peoples, communities, and marginalized groups — in transparent, participatory, and inclusive national review processes for NDCs. All of us need and want ownership over the transformational policies and plans that you are proposing to save our climate at the national level. Commit to doubling your pledges to the GCF and scaling up to the US$100 billion goal. And you should really support capacity building for developing countries for NDC enhancement and implementation.
5) Finally, design and implement your national climate plans in a participatory manner addressing cross-cutting issues including those related to environmental integrity, social justice, and the just transition - leave no one behind!

Go on, you can do this! The Youth and the People are all watching and we are really tired of expensive food, terrible audio, and artificial lights in conference centers in Europe for the fourth time in five years.

ECO is happy to share this part of our platform with the Indigenous Peoples Caucus to help amplify their voice.

Kia ora, bula, tabea, buorre beaivi, ya'ateeh, Indigenous greetings to you all.

With everything that is on the line this year, with these negotiations and the push by countries to accept a bad agreement, rather than taking the appropriate consideration to ensure a strong Article 6 outcome that protects the rights of structurally oppressed peoples, we are very pleased to announce that as Indigenous Peoples' Caucus we have been granted a dedicated space in this daily ECO Newsletter to share the issues that are most important to us, and our communities.

The people who are affected first and worst by climate change have also continually presented the appropriate holistic solutions for the climate crisis we are all in. Indigenous Peoples, Disabled Peoples, Women, LGBTQI+, Global South, and Youth are on the frontlines combating climate change within our own communities, and we are here contributing the MOST to a fair COP25 outcome for ALL.

Indigenous Rights, Disability Rights, Women's Rights, LGBTQI+ Rights, Youth and Children's Rights are ALL Human Rights, and this is our red line.

While people with lived experience must be centered and supported to lead across all COP25 workstreams, there is also a huge role for our allies to play. CAN and ECO have made a start in providing this space for our Indigenous voices. However, we challenge all attendees at the COP25 to also explicitly look for partnership opportunities with Indigenous Peoples and other structurally oppressed and marginalised groups.

It is not ambitious to think seven generations ahead, it is the minimum. It is not ambitious to respect the rights enumerated by the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), it is the minimum. It is not ambitious to meet NDCs, it is the minimum. Upholding our rights is not “ambitious”, it is the minimum. But we do not want the minimum, we want to help you be ambitious.

Some ways you can be ambitious, and support us this COP25 are:

1) Advocate for the inclusion of our rights as the minimum standard and overarching safeguards in Article 6;
2) Give speaking and media opportunities to structurally oppressed groups;
3) Give us your interventions. Period. We need them more than you do;
4) Call for a Constituency for People with Disabilities;
5) Hold the ground and ensure that countries know that no agreement is better than an agreement that is silent on our rights; and
6) Ask countries that support human rights language how you can help get this across the line.
Close to 60% of all climate finance in 2017 was in the form of loans - TRUE

And not only that, loans which amounted to US$39.9 billion in 2017, were mostly counted at full face value, ignoring interest and repayments. New common reporting tables in the Common Tabular Format (CTF) must mark a break from this practice of over-reporting by including a column for the grant equivalent of climate finance alongside its face value.

Only genuine climate action is reported as climate finance - FALSE

Current rules allow for gross over-estimation of the climate relevance of funds, especially where climate change is one part of a broader project with multiple objectives. At the worst end of the spectrum, some countries (including Japan, Iceland and Greece) are counting the climate component of these projects at 100% of the project budget. New CTF tables must guard against this by including a "climate specific" column, a "full project value" column, and a requirement that parties set out their methodology for calculating these separate amounts.

All parties agree the Common Tabular Format should be common - FALSE

ECO is scratching its head as to why some are proposing parties be allowed to delete columns and amend tables to suit their own reporting preferences. ECO disagrees this should be allowed — the clue is in the name, Common Tabular Format.

Lending at a profit can currently be reported as climate finance - TRUE

For real. A third of all bilateral climate finance loans were non-concessional, as were 70% of multilateral climate finance loans in 2016-17. There is currently nothing to stop market rate loans and no requirement to report the terms of loans provided.

Public finance can be used to support private profit in the name of climate finance - TRUE

Private investments in what will be or already are profitable sectors such as renewable energy or water management may be portrayed as 'mobilised support' in the CTF. At COP24, in Katowice, it was agreed that developed countries would "identify a clear causal link between a public intervention and mobilized private finance", but are we going to be able to verify that project by project on the basis of numbers in an Excel sheet?

Natural Ecosystems: a Real Solution to the Climate Crisis

The huge forest fires raging across many countries send a clear signal — we need to keep our natural ecosystems intact or risk losing the fight against the climate emergency. Indeed, the IPCC 1.5 report was unequivocal: we cannot keep global warming below 1.5°C without tackling the crisis facing nature. ECO notes the buzzword "nature-based solutions" is flying around, looking to collect sweet nectar from fruitful coffers, and pollinating colourful blossoms galore. But we also note that the term "nature-based solutions" lacks clear definitions or criteria and can include activities that do nothing to advance real climate solutions. This has prompted ECO to take the opportunity to use specific language on the role ecosystems play in addressing the climate crisis, and how they can be protected and restored to achieve emissions reductions, enhanced resilience, and biodiversity protection:

1) The role of ecosystems in climate ambition is not an excuse for greenwashing or continued BAU — we must keep fossil fuels in the ground at all costs.

2) We need to prioritise the protection and restoration of our natural ecosystems, including primary forests and other intact ecosystems and those still rich in carbon and biodiversity. They are irreplaceable for stable carbon storage and for biodiversity, and we simply cannot afford their continued loss or degradation.

3) When it comes to trees, we need to be thinking about the "right tree in the right place", in other words, native species. But it's more than trees and forests. Other ecosystems are vitally important too: peatlands, wetlands, grasslands, mangroves, and marine ecosystems.

Urgent action is needed: without protecting and restoring natural ecosystems and improving land management we will not be able to limit global warming to 1.5°C. These actions would enhance our resilience to increasing climate impacts, reduce the risks of floods and fires, and help stop the catastrophic loss of biodiversity. The IPCC Special Reports on 1.5°C, Land and Oceans & Cryosphere and the IPBES Global Assessment highlight the urgent need to transform our relationship with land, oceans, and our food systems, and to safeguard our natural ecosystems.

We call on parties to raise ambition with clear commitments to ensure that natural ecosystems are part of the solution to the climate crisis. The first step is for parties to specify in their enhanced NDCs, by 2020, how they will reduce emissions and enhance resilience through protecting and restoring terrestrial and marine ecosystems, and to reflect these and further actions in their Long Term Strategies.

Fossil of the Day

The US and Russia

Looks like the US and Russia share more than the ability to bully other countries, rig elections, and lead in climate-wrecking oil and gas production! They want to make loss and damage weak again!

A few countries gave us some hope in these negotiations. We are giving Canada, Colombia, Vanuatu, Mexico, New Zealand, Australia, Norway, and Switzerland the Ray of the Day for insisting on human rights in provisions of Article 6 regulating global carbon markets. There is no ambitious climate action without justice as well as respect for gender and human rights. All these countries need to keep pushing for the inclusion of human rights and gender considerations until rules (that include these considerations) are adopted in Madrid.

All countries who are signatories to the UN Declaration on the Rights of Indigenous Peoples, are legally obliged to do more. They must push for the inclusion of Indigenous Rights in the text, and vocally recognize and demonstrate respect for Indigenous Rights and their right to sovereignty in their home countries.