

# ECO

## THE "IT'S SCIENCE, STUPID" ISSUE

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## Climate Finance: It's Talkshop Workshop Time!

ECO has always been a faithful attendee of the long-term finance workshops, and has sympathy for the working group set-up. This approach offers much more room for creativity and constructive exchange as, in theory, people do not need to hide behind their country's flags. Of course, there isn't exactly a lack of talkshops in this world, so ECO knows that the value of it heavily depends on how it will ultimately feed back into actual negotiations and sound agreements to advance the climate finance agenda. The good news is, each of the scheduled working groups offers potential to do just that. Let's have a little look, shall we?

For instance, the first group will tackle the question of interlinkages between provided and mobilised finance and the temperature goals. It's not rocket science to understand that the more we want to limit planetary overheating, the more we need to shift investment flows away from fossil fuels toward renewables, and the more much-needed assistance has to flow from developed countries to developing countries for enhanced climate action. And, ECO's here to remind you that the less the world achieves this, the more financial assistance will be required to enable vulnerable countries to adapt to climate change and recover from losses and damages.

Among the issues to discuss in breakout group 2, ECO is most intrigued by the question of access to climate finance. It's been much lamented that

directly accessing climate finance through a national implementing entity often remains a challenge – despite the fact that implementing climate action through in-country entities (including local communities) is key to ensuring that institutional capacities are enhanced and that developing countries remain in the driver's seat for making their countries climate-resilient. Group 2 could spend some time contemplating how to overcome existing barriers to direct access to climate finance.

When it comes to group 3 on climate finance effectiveness, ECO thinks an obvious step is to stop overseas coal financing and to stop the smug labelling of it as climate finance (Australia, Japan, are you reading this?). It is not only ineffective, but actually counter-productive if you want to keep global temperature rise to below 1.5°C. Effectiveness in adaptation finance is another area of concern, for instance when it comes to ensuring that adaptation action reaches the poorest and most vulnerable peoples. These groups are often marginalised with little access to political decision making, so working directly with local communities and civil society organisations can cover the extra mile needed to achieve real change on the ground. And, if Parties are keen to enhance effectiveness of climate finance to assist vulnerable countries in recovering from losses and damages, a first step is to recognise that such flows are needed and the existing

climate finance architecture still lacks a funding mechanism for that purpose. Remember the review of the WIM? It's an excellent opportunity to ameliorate that situation.

Continuing on to group 4, ECO believes a good use of the biennial submissions on strategies and approaches would be to search them for information on barriers (and other experiences) that seem to be common in developed countries' efforts to ramp up climate finance in both scale and effectiveness. The common experiences that developed countries have highlighted over the past iterations of their strategies and approaches would be a great starting point to inform the forthcoming discussion on the post-2025 finance goal. ECO wonders if, instead of just another 100-billion type goal with all its shortcomings, a broader goal matrix might be a way to collectively set targets for various purposes. For example, setting targets for the provision of adaptation finance, elements related to removing barriers in increasing effectiveness, or identifying ways to enhance shifting financial flows to be compatible with below-1.5°C pathways, among others. This could enhance predictability not only related to volumes of finance but also of actions to deal with past experiences around implementing funded actions.

So, there's a lot to talk about. ECO will be monitoring the workshop closely. Hopefully it won't be just another talkshop.

# ACE Matters, Because ACE Matters!

Action for Climate Empowerment (ACE) forms a crucial pillar for successful implementation of the Paris Agreement and is the focus of Article 12. It includes six elements: education, training, public awareness, public access to information, public participation, and international cooperation.

Today is the second ACE day of SB50, so what needs to be done? We need to start moving from evaluation of the eight-year-long Doha Work Programme (DWP) to look towards a new ambitious framework for ACE. Here are some thoughts from ECO:

1) Talk loudly and proudly about ACE and invite others to join the debate, making sure that the voices of those

groups explicitly mentioned in the DWP are included. ACE matters!

2) After the review of the DWP, ACE needs to empower learners and take into account the new UNESCO ESD2030, currently a draft, which emphasises “ESD has to affect the unsustainable production patterns of current economic structures more directly”. ACE empowers learners for transformation and active global citizenship. ACE matters!

3) ACE efforts need to be valued. All countries are encouraged to incorporate their ACE activities in their upcoming NDCs, reflecting all six elements in a balanced

manner. ACE matters for NDCs!

4) Public participation is a human right. It is always important, especially in the preparation of new, enhanced NDCs. It's part of ACE and ACE matters!

5) All countries should nominate ACE Focal Points and provide them with the necessary support to play an active role in coordinating and upgrading ACE-activities. ACE focal points matter!

So, what about your country?

ECO would like to see all of this reflected in the ACE framework that will succeed the DWP: a framework that should be even more ambitious and robust. ACE matters!

## WIM Review: Guided by Developing Countries' Needs and Strong Guidance by the COP

The Warsaw International Mechanism on loss and damage (WIM) is approaching its sixth birthday and Parties are busily negotiating the Terms of Reference (ToR) for its review. ECO has listened and clearly supports the views of those vulnerable developing countries that the WIM was set up for; who ask that their needs in addressing loss and damage should be a key guiding aspect of the review. And, to be honest, understanding this request is pretty straightforward and simple. ECO was happy hearing that some Parties suggested this should include consideration of particularly vulnerable populations and ecosystems, as well as better integrating gender concerns, beyond country needs, as has

already been in the work plan of the WIM. ECO is annoyed about those developed countries who are resisting referencing developing countries' needs in the ToRs.

When negotiators hone in on finalising the ToRs, it is essential that they do so with the perspective to provide the COP with the information necessary to take immediate action to strengthen the WIM, in particular in relation to finance to allow vulnerable countries to deal with the losses they face. That is why substantive discussions on the way forward for finance, for an improved architecture and new sources of finance, need to happen between Bonn and COP25. Unfortunately, in the absence of clearer guidance from the COP,

developed countries have resisted any meaningful discussion on those matters in the WIM's ExCom so far. But communities in developing countries, facing large unmet needs, as illustrated by the constant gaps between appeals in the case of weather-related humanitarian disasters and the finance provided, cannot wait for the ExCom to just have more superficial discussions that circumvent finance issues. COP25 must be positioned to give clear guidance on this so that the ExCom — and potentially other bodies dealing with finance — will know the task it has to live up to in order to deliver much greater action and support for the benefits of vulnerable communities and countries.

# We've Got Questions

It's exciting to see so many Annex I Parties participating in the multilateral assessment for their biennial reports. ECO congratulates Parties for participating and thinks the multilateral assessment can be a great place to share lessons learned and experiences with other Parties in a constructive environment. We look forward to hearing your presentations and listening to the Q&A sessions throughout the day.

Since ECO can't ask questions during these workshops, we thought we would share our questions with you, so here they are:

## To all Parties

Can you provide an update regarding any action taken to strengthen your policy-making process - in particular in relation to public access to information and public participation - so as to improve climate responses and promote policy coherence in the context of progress made towards meeting your commitments under the UNFCCC?

## Australia

Australia's Minister for Emissions Reductions states that the country's growing fossil fuel LNG exports is a "substantial global contribution to be proud of," as it led to avoided emissions of 148 MT. Can Australia say how it came up with this number for avoided emissions? Is Australia keen to change the accounting framework to take ownership for Scope 3 emissions?

## Denmark

There is a risk that emissions from biomass combustion are not accounted for when importing from countries where forests and deforestation is not counted in their NDCs. As Denmark has the largest imports of wood pellets per person, what does Denmark do to make sure that the drawdown

in carbon stocks with harvesting of biomass is accounted for in the producing country at the point where forests are harvested? This must be the minimum demand as the emissions from burning biomass are not counted.

## Finland

First, congratulations for your impressive net zero 2035 target! This is the kind of leadership we would like to see from the rest of the EU. But when it comes to implementation, ECO has some concerns. Preliminary information from Statistics Finland shows that LULUCF net sink decreased 30% in 2018 compared to the previous year due to increased forest harvesting volumes. In the National Forestry Accounting Plan, Finland has projected an even further increase of harvesting volumes. We are wondering how the projected increase in harvest rates and the planned use of forest biomass is consistent with Finland's new carbon neutrality target 2035 and what kind of impact it is expected to have on biodiversity?

## Japan

ECO longs for your new and ambitious targets and additional measures to meet the 1.5°C pathway in 2030 and 2050. ECO doesn't understand why Japan continues to use coal fire power plants. Why waste the opportunity to become a strong global climate leader? The technical assessment of Japan's energy policy found that the new coal plants you are planning will "lead to a substantial increase in emissions, an increased risk in lock-in carbon-intensive infrastructure, and underachievement of the NDC" (p. 14). Are there plans to cancel construction of these planned projects, given that their construction ensures Japan's failure to meet its NDC?

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# Doubling Down to Avoid Double Counting

Today, ECO is redoubling its efforts, and sharing not one, but two pieces about Article 6! You guessed it, this one is about double counting...

There is no time to double-back on this. Parties, remember when you signed the Paris Agreement? That's when you agreed to avoid double-counting.

Corresponding adjustments must be applied to all credits transferred, both from inside and outside of NDCs, and regardless of whether they are used towards an NDC or any other climate commitment. ECO is frightened

by the prospect of CORSIA, the international aviation's carbon market, going ahead in 2021 without proper accounting rules having been agreed on by the UNFCCC. Additionally, transparency must be ensured, and the thought of having to track credits around the world is making ECO dizzy. Avoiding double counting will take a combination of proper accounting rules and sufficient transparency to ensure those rules work. Simply reporting transfers without actually adjusting the relevant emissions account (based on the Party's inventory) is not enough to ensure environmental

integrity or proper accounting.

Preventing double-counting is one aspect of ensuring the environmental integrity of carbon markets. Robust rules must be applied to all aspects of 6.2, 6.4, and all other potential or future mechanisms where mitigation outcomes are transferred between countries or used for other international purposes (e.g. by airlines under CORSIA).

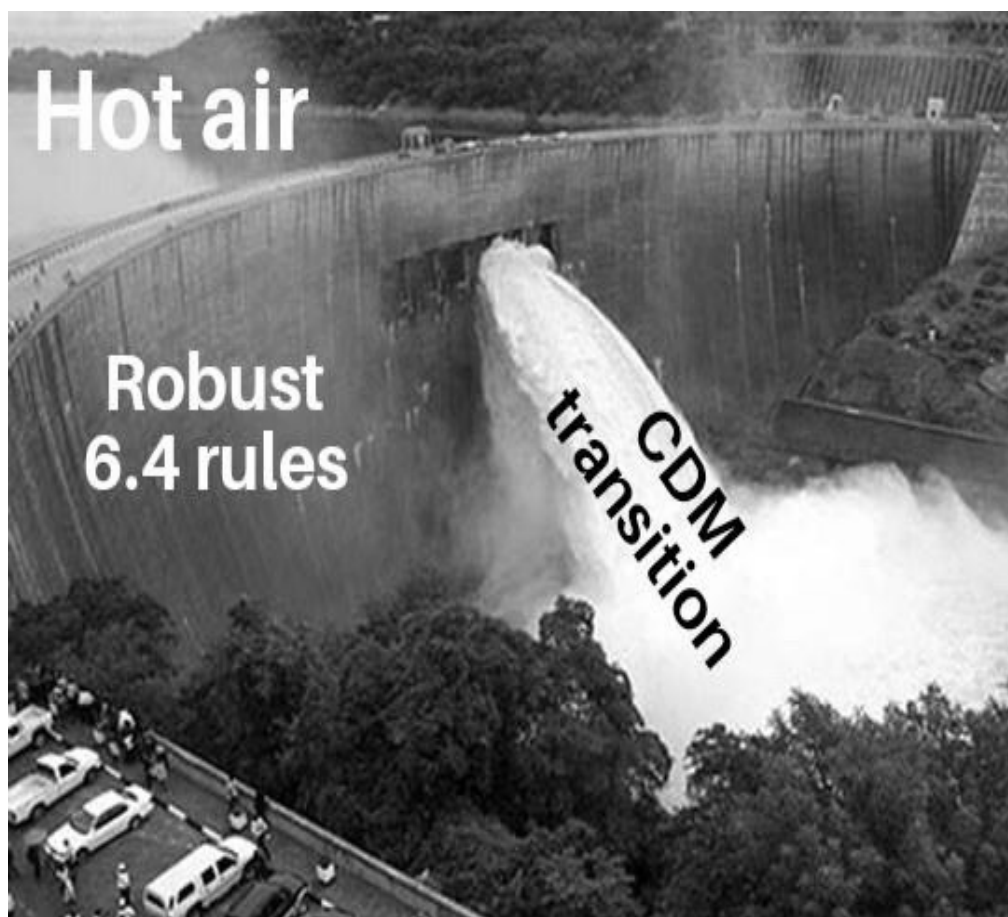
Environmental integrity is, well, integral to Article 6. The atmosphere only counts emissions once. Let's not delude ourselves with fuzzy accounting tricks.

## DAMaging the Paris Agreement

There was some additional humour in the air last week as the below picture spread both inside and outside of the Article 6 room faster than a climate change-induced wildfire. As Parties restart their discussions on the KP transition, ECO hopes that they will remember this dam, and won't let it crack.

If it was up to ECO, no KP credit would be used after 2020. Clearly, the "robust rules" in the below picture are not robust enough, because none of these hot air credits should be allowed to flow through to article 6.

In Doha and Marrakesh, Parties agreed to limit the transition of AAUs from the first to the second commitment period of the Kyoto Protocol. Very much the same debate is taking place now. And there is no reason to suddenly change course. You know the numbers: if the dam breaks, the market will be flooded.



*Credit goes to the anonymous humorous carbon markets geek who made this. (ECO also hopes that no human rights were infringed or ecosystems destroyed in the making of this picture.)*