

# eco



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## Talanoa Dialogue “Steps Up” to the Plate But What Will Happen Next?

ECO eagerly awaited the opening plenary of the Talanoa Dialogue yesterday, excited to see which climate champions would emerge. First off the blocks were the LDCs and AOSIS, both groups calling for the Talanoa Dialogue to result in enhanced ambition in the form of updated NDCs. AILAC likewise called for having updated NDCs by 2020, adding the importance of developing long-term strategies by 2020, as well that provide domestic roadmaps for the transformation that is required to fulfill the goals of the Paris Agreement. Props to the European Union for also emphasizing that this is an exercise focused on enhancing ambition and ensuring the relevance of long-term strategies to the ambition picture, and EIG for highlighting the key role the Talanoa Dialogue will play in raising ambition. ECO would love to hear more about what this means for your NDCs though. ECO welcomes that the Umbrella Group recognized that the Talanoa Dialogue is an exercise to inform NDCs, but

being a bit more specific would help, don't you think?

Thanks to South Africa for raising key questions about the outcome and process – how the transition will happen from the technical to the political phase, and what the outcome of the political phase would be. These are important questions because ultimately, dear Parties, the Dialogue is not just a conversation for the fun of it. We agree that the Talanoa Dialogue is a key opportunity to discuss possibilities for raising ambition and identifying gaps. We sincerely look forward to the opportunity to reflect on where we are, including how we got here – but most importantly what the solutions for moving forward together are; including the support needed to deliver higher ambition. But ultimately, the world is watching to see what emerges – both on Sunday and at COP24 later this year. The Talanoa Dialogue is but one step in a collective journey towards ambition – the next step is action.

## Third Time's the Charm

This year will be the third time the COP takes place in Poland — Dziękuję Ci [thank you]. ECO looks forward to more pierogi and sausages!

Sadly, food doesn't make a good COP. COP24 is a chance for the Polish government to step up, help lead the transition, and strengthen global climate action. Poland can use this moment to revamp the country's international reputation, rather than strengthening its shameful position as Europe's number one climate laggard.

ECO welcomes Poland's commitment to deliver on the Paris Rulebook, but wants to make it clear that only a robust, fleshed-out and balanced rulebook will be considered a successful outcome for COP24.

Alongside the Rulebook, ECO expects Poland to take its responsibility towards the Talanoa Dialogue seriously and make sure the political phase at COP24 leads to enhanced climate ambition. This includes a commitment that countries will ramp up their NDCs by 2020. This is as much a priority as progress on

the rules.

ECO also encourages Poland to ratify the Doha amendment to the Kyoto Protocol and help it enter into force by COP24, given the importance of pre-2020 climate action and the honouring of deals made.

As you know, the COP presidency plays an important role in facilitating and enabling full and effective participation of civil society. ECO is sure that Poland can learn from the good and not so good practices and initiatives at past COPs.

Ending on a high note — ECO would like to commend Katowice for its efforts to move beyond coal and undergo a just transition to more sustainable energy sources and doing it despite the government's consistent use of public money to keep this dirty business alive with subsidies.

And finally a quick note: We hope that we will have a place to stay close enough to the conference venue to at least manage to drop by every day. Logistics and effective participation are in fact turning out to be key elements for diplomatic success.

# Time for a Finance Enlightenment

Have you participated in the negotiations on the Modalities for the accounting of financial resources in SBSTA lately? When first hearing some countries and the co-chairs claiming they already had a very solid base to start drafting a final text soon, ECO felt like singing Waka Waka. As Sharkira said: *"You know it's serious we're getting closer, this isn't over"*.

But here is the thing: progress on finance accounting is urgent and long overdue. What's more, existing climate finance accounting rules are inadequate. They allow loans to be counted at full face value and inaccurate accounting of climate relevance, which obscures the level of assistance developing countries receive by a huge margin.

OXFAM highlighted the latest public climate finance numbers for 2015 and 2016, finding that net climate specific public finance in 2015 and 2016 is estimated to be around US\$16 to \$21 billion per year — significantly lower than the estimated \$48 billion per year if donor numbers are taken at face value.

ECO notes with enthusiasm that for aid, donors have decided to end the practice of counting loans at full face value by agreeing that from 2018 headline ODA figures will be reported on a grant equivalent basis. Rules for reporting to the UNFCCC need to follow suit, so that climate finance under the Paris Agreement keeps a pace with modern practices around aid.

ECO thinks some basic principles of fairness and accuracy need to be at the forefront of negotiators minds:

**Lending money at a profit is not climate finance -**

Non-concessional loans and other instruments should not be counted as climate finance against Article 9.1 obligations.

**What's counted should reflect the true cost to donors, and net value to developing countries** - Only the grant equivalent of loans and other instruments should count (once repayments, interest, and other factors are accounted for), not their full face value.

**Only support targeting climate change should count** - Over-reporting of the climate component of broader development projects needs to end, through agreement on clear common guidelines applied on a project by project basis.

**Mobilized private finance should not be double counted and should take account of measures by developing countries themselves to attract investors** - Parties to the UNFCCC should agree on a collective reporting approach for mobilized private finance that limits these risks and includes reporting by MDBs. Reporting should be conservative to build trust and no flat leverage ratios should be applied, but instead causality between public investment and mobilized private finance should be established on a project-by-project basis.

Decisions on finance accounting this year must increase confidence that the \$100bn goal will be met in a fair and robust way. So that those on the front lines of climate change get far more of the support they need and have been promised.

When building these accounting rules, never forget how your decisions will have an impact on the real world. Just like Shakira said: *"People are raising their expectations, go on and feed them, this is your moment, no hesitations."*

## Suva Expert Dialogue Day 1: What did we Learn?

### 1. The gap is clear, and it is finance!

There was much stating of the obvious - vulnerable people on the front line of climate impacts don't have the luxury of assessing their risks neither considering to transfer or retain them. As the representative of Suriname brilliantly reminded participants: if a whole city like Paramaribo is at risk, what can we do?

Back to reality, we now need to focus on how the international community is going to raise funds to address those risk - at least \$50bn a year by 2022. Some sources even foresee needs up to \$300 billion a year by 2030. This will definitely require innovative sources of finance like a Climate Damages Tax.

The Tuvalu solidarity fund and the Ethiopian productive safety net program are good examples. International finance must scale them up and roll them out more widely.

### 2. There was a powerful sense of déjà vu.

The discussions that happened yesterday have already happened at the SCF Forum in 2016, in Doha in 2012, at workshops in Tokyo, Bangkok, Addis Ababa, Barbados and Mexico in 2012. Most progress done so far is about areas which developed countries prioritise, like enhancing understanding

or insurance, but somehow there is amnesia around finance. The international community is failing to move to important discussions: sources, mechanisms and access modalities.

### 3. Speech is silver, action is golden.

Stop abstraction, we need concrete outcomes: a table on impacts, tools to address them, ways to finance these tools, and identification of gaps. To be sure all nice speeches are translated into reality, a clear roadmap listing the steps towards real mobilisation of support is needed.

### 4. Today is not enough.

By the end of 2019, parties must agree to set up the financial arm of the WIM, as mandated in 2013. Unless a miracle happens in the three hours today, we will need further discussions before the Technical Paper is due to be produced by June 2019. ECO suggests a first draft of the Technical Paper to be made available before COP24 for further consultation, with a second draft ahead of ExCom9.

Dear Delegates, we are out of time for further procrastination! The impacts of climate change are clear, they are being felt around the world, and those on the front lines deserve more than just warm words in endless dialogue.