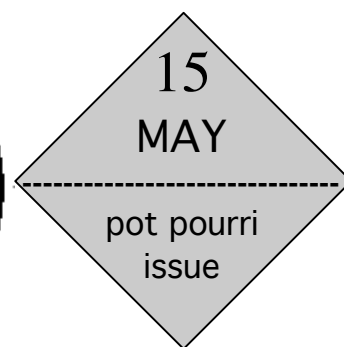


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Scraps from the Roundtable

At the AWG roundtable yesterday, ECO was pleased to see the IPCC get it right as it and a few others re-iterated the strong evidence that aggressive mitigation is both feasible and cost-effective. These realities should clearly inform further work of the AWG. The progress made here in considering mitigation potentials allows for a more informed discussion in Vienna on ranges of emission reductions. This is necessary if the AWG is to contribute meaningfully to a Bali mandate.

But where were the other parties? ECO couldn't help but notice the sparse crowd of delegates in attendance. With all the empty seats it was much easier to notice the less than helpful interventions of several delegations.

Perhaps encouraged by our ar-

ticle yesterday morning, Canada proclaimed that its new regulations were very much in line with IPCC recommendations that, to stabilise concentrations in the lowest range, emissions should peak by 2015. Ignoring the reference to *global* emissions, Canada proudly announced that their emissions are intended to peak by 2012. This is only guesswork under the intensity-based targets, but what *is* certain is that Canada does not intend to reach its Kyoto target until 2025. While they are so selectively enamoured with IPCC findings, perhaps they would like to commit to a 2°C target.

ECO was surprised to see Australia so interested in the process all of a sudden, being one of the roundtable's most active participants yesterday. We suggest that perhaps this newfound energy would be more effectively dedi-

cated to ratifying the Kyoto Protocol.

ECO also feels that Saudi Arabia's worries about economic impacts are perhaps misguided given the current price of oil. Other, more farsighted fossil-rich countries who are beginning to diversify their economies do not seem to be voicing the same objections.

Let's hope that these few poor examples did not distract others from the urgency which the IPCC has shown us is so desperately needed. For too many, this issue will mean life or death. For a billion people it may mean the loss of their homes and livelihoods.¹ ECO requests all delegates act accordingly and stop playing games.

Is the GEF the only option?

Parties have now worked through the 'easier' aspects of eligibility, priority areas and monetisation of the Adaptation Fund and agreed on a draft decision; negotiations of the fund management and institutional arrangements are now underway.

Following decision 5/CMP2, submissions were invited from 'interested institutions' addressing the principles and modalities decided at COP/MOP2. Submissions were to include responses to two key aspects of the management of the governing body: the one country-one vote rule

and a majority of non-Annex I countries represented on the Fund's executive body. The sole submission to the UNFCCC secretariat was from the Global Environmental Facility (GEF), despite two earlier expressions of interest, including one from UNDP.

Reviewing the GEF submission reveals a concern. Rather than addressing these two key aspects of the decision, the GEF has sidestepped the issues:

- GEF decisions have until now been reached by consensus – a process that often involves pressure applied to weaker parties – and this

process is proposed to continue, with voting being exceptional

- The GEF instrument includes a 2-tier voting system based on a 60% majority of participants and then a 60% majority of donors. In the Adaptation Fund, all parties are regarded as owning the CERs. Since a majority of GEF members are non-Annex 1, this would, in GEF's view, be a voting system that respected the COP/MOP decision.

Continued back page, Column 1

No Alternatives!

ECO takes this opportunity to call a spade a spade. To prevent dangerous climate change (i.e. to keep global warming below 2°C), the further development of a UN cap-and-trade scheme is the necessary and irreplaceable backbone of international action. A post-2012 regime with cap-and-trade at the centre will ensure environmental integrity (through the cap) while driving the necessary finances and steering technology deployment for a low carbon future.

Against this background, ECO wants to shine a spotlight on suspicious phrases used at this SB such as: "existing approaches, activities and initiatives that are contributing to the development, diffusion and transfer of environmentally sound technologies to developing countries" and "international climate agreements based on technology."

ECO does not dispute that well designed bilateral and regional activities may complement multilateral action. To distinguish the good from the bad and the hot

air, ECO has compiled the following criteria for effective bilateral activity, which must:

- be consistent with the latest science, i.e. the 2°C limit;
- complement the UNFCCC/Kyoto Protocol framework;
- drive energy system transformation by promoting renewable energy and energy efficiency;
- put an end to fossil-energy subsidies;
- deliver effective technology transfer;
- promote sustainable development and progress on the Millennium Development Goals;
- contain adequate and reliable financing as well as institutional frameworks;
- move beyond "talks only" or ad-hoc actions; and
- be transparent and allow public participation.

The infamous misfit AP6 scores "Nil" on just about all these points: Nice try – no cigar!

-GEF, *from page 1*

• Though this voting system could be changed for the new fund without changing the GEF instrument, GEF has not offered to do so

This evasive response to the clear governance requirements leads ECO to question the ability of the GEF to operationalise the fund under the "authority and guidance" of the COP/MOP. The operational institution will determine the application and decision making process for allocation of funds and therefore the success or failure of the Adaptation Fund. For this reason, the decision on the operationalising institution should not be hastily taken, and ECO urges that the Parties give due weight to

institutional arrangements in order to create a fund that meets the needs and, as importantly, has the confidence of non-Annex I countries. Parties should call on the GEF to clarify exactly how they would implement the governance criteria

Since the Adaptation Fund is innovative, not being a donor-dependent fund, innovative thinking is required on the managing institution. ECO suggests that Parties invite submissions from NGOs, including research institutions, on potential management arrangements that meet both the criteria of the governing body as decided at COP/MOP2 (decision 5/CMP2) and the draft decision reached on eligibility, priority areas and monetisation.

Stop Perverse Deforestation Incentives

ECO is concerned that CDM's draft eligibility procedures for Afforestation and Reforestation project activities will create perverse incentives to deforest lands. This issue was first raised in Nairobi by countries who want to change the eligibility criteria for reforestation activities.

This could create the perception among landowners that deforestation will be rewarded at some point in the future if they clear-cut a forest today which then could be reforested to claim credits. Such eligibility would perpetuate a continuous/cycle of deforestation resulting in no benefits to the climate or biodiversity.

The latest CDM Executive Board's (EB) draft on eligibility procedures relies on countries to "provide transparent information that demonstrates that the land was not *intentionally* converted to non-forest land *for the purpose* of implementing an A/R CDM project activity." This criteria could enable a forest to be illegally cleared, and project developers would simply have to establish lack of intent. Intent is difficult enough to prove in a criminal law case, let alone by the EB with its limited resources. ECO believes it would be difficult for the CDM EB to effectively monitor and assess evidence provided by project participants to prove they did not intentionally clear the forest.. Merely relying on other tools such as additionality or stakeholder input will not assist in assessing intent.

A number is a number but intent is subjective; this change in the rules will undermine the legitimacy and integrity of the Kyoto Protocol. It is not the EB's prerogative to reinterpret decisions made by the COP/MOP. Any change in the decision should be referred to the maker of the rules. ECO welcomes the CDM's Executive Board call for further public input on the draft procedures. Perverse incentives for deforestation in the CDM must be avoided.