

# eco



ECO has been published by Non-Governmental Environmental Groups at major international conferences since the Stockholm Environment Conference in 1972. This issue is produced co-operatively by the Climate Action Network at the UNFCCC meetings in Bonn in May/June 2010. ECO email: econewsletter@hotmail.com – ECO website: <http://www.climatenetwork.org/eco> – Editorial/Production: Fred Heutte

## LCA Finance Comes Alive

After a unexciting first couple of days, today out of the blue in the LCA contact group on finance, delegates picked up the pace. It was a pleasure to see negotiators giving thoughtful and creative responses to the Chair's questions and to each other's proposals.

The Chair chose wisely in selecting finance, which underpins progress on many other areas, for the first deep engagement with the new negotiating text. Parties responded by presenting new ideas and arguments on the complex linkages between institutions as well as the need for effectiveness and accountability to the UNFCCC and its governing bodies. There is a clear consensus about the establishment of a new fund, and some new and creative thinking about how an overarching Finance Board could provide an oversight or coordinating function.

But no institutional framework for financing can be effective without sufficient funding. To ensure rapid progress on scaling up finance, the LCA must also continue its discussion of sources, in parallel with the discussions under the Advisory Group on Climate Finance (AGF), which is holding a workshop on Saturday to report on progress and receive input.

The AGF has an opportunity to make rapid progress on identifying sources of funding for climate actions in developing countries. However, the LCA cannot

– continues page 2 –

## Shared Vision Must Be Clear Vision

As parties walk into the LCA contact group on Shared Vision this morning, ECO will be thinking ahead to a final destination that does not yet look clear.

Nearly all Parties agree to a global goal of staying below 2° C. And furthermore, over 100 Parties call for stabilizing temperature rise at well below 1.5° C compared to pre-industrial levels.

But the current path Parties are taking

us towards is unclear but seems closer to a very dangerous 4° destination.

We hope the contact group proceeds with the right motivation and a visionary mindset. The Shared Vision discussions can help avoid the 4° path only if parties engage in a constructive and trust-building dialogue today that will advance the text in substance, move towards convergence of views and provide clarity to both.

## EU starts fast, but . . .

ECO is eagerly awaiting today's side event at which the EU will present a preliminary report on its fast start finance pledge. Not because the report itself will bring any new information to light – it was leaked to the press weeks ago – but to see EU negotiators try to answer the question on the lips of NGOs and developing country negotiators everywhere: How exactly is EU fast start finance 'new and additional'? Other developed countries might find it useful to attend and pick up some tips.

The EU had the right idea in suggesting a report on whether they were keeping their promises. This might help make up for the fact that most EU Member States have done a pretty good job over the years at breaking long-standing promises to provide finance to poor countries, whether as aid or climate finance under the UNFCCC.

The Spanish Presidency started well, collecting information on Member State

pledges, but then a problem arose. The EU's commitment first made in Brussels at the December leaders' summit did not address whether the promises they were making were 'new and additional' as required by the Copenhagen Accord. It is clear that this means over and above the target to provide at least 0.7% gross national income (GNI) in official development assistance (ODA). Climate change imposes new costs on developing countries, so new money is needed to tackle it.

Instead of owning up to relabeling some old ODA pledges and then adding them to the new fast-start climate finance total, EU governments thought it best to keep quiet and hope no one noticed – but some did. Failing to ensure that climate finance is new and additional to existing ODA targets takes money that would otherwise have been available for spending on schools and hospitals in developing countries, to name one example. And that at a time when budgets for essential services are already being cut in

– continues page 2 –

– *LCA Finance, from page 1* –

just wait until the AGF presents its final report in November to take up the issue of sources, if it hopes to move from analysis to action this year.

Parties should start actively discussing sources of public funds in the LCA now, and incorporate and build on the analyses and recommendations of the AGF, starting with the interim report expected in July. Avenues to explore include new and innovative sources of public finance, including bunkers mechanisms, financial transaction taxes (FTTs), Special Drawing Rights (SDRs) and international auctioning of AAUs. Then in Cancun, the LCA can be in a position to adopt substantial decisions and provide clear guidance for the work of the UNFCCC and other bodies in the coming year.

This can lead to adoption of a comprehensive set of decisions on financing sources and institutions as part of an ambitious comprehensive agreement in Cancun. All this is possible if leaders have the political will; but short of that, Parties can agree a more modest but still ambitious package of decisions to demonstrate the viability of the UNFCCC process and support the scaling up of mitigation and adaptation actions on the ground.

– *EU Fast Start Finance, from page 1* –

the face of economic downturn. And we won't mention more than just this once that most countries aren't even achieving their longstanding ODA pledges.

All that said, ECO welcomes the EU's readiness to face the music in today's side event. We hope they come clean about recycling past promises and are ready to answer questions on the scale of money going to different countries, and provide detail on how it will flow through bilateral and multilateral channels, as grants and loans, and for adaptation and mitigation.

This is just a preliminary report, and the EU will have another chance to get it right in the annual report due at COP 16. But to provide genuine transparency, and to ensure that the US and other rich countries are held accountable too, they should seek a common reporting framework. The Secretariat could be asked to take that on and add meat to the EU's bare bones.

## How Biodiversity Supports Climate Resilience

This is the International Year of Biodiversity. 'So what' ECO hears you say. 'Nothing to do with us – we just deal with climate change.'

That would not be correct! Biological diversity supports ecosystems essential for human life, including climate regulation, water, food security and protection from natural disasters. Climate change is an increasing cause of biodiversity loss that in turn adds to the impacts of climate change. Healthy ecosystems are particularly important for people living in poverty – they depend far more directly on natural resources for their livelihoods and survival. Ah, *now* you're seeing the connection to our agenda . . .

The starting point is that mitigation and adaptation must be based on sound science. An important new report, *Global Biodiversity Outlook 3* (Convention on Biological Diversity, May 2010), supports this. GEO3 is also a wake up call. In many places across the world, natural systems supporting economies, lives and livelihoods are at risk of rapid degradation and collapse. While the poorest people suffer disproportionately from the deterioration of ecosystems, ultimately everyone stands to lose. Climate change and biodiversity are inextricably linked. Government policy and our personal choices determine how human drivers of both will shape our future.

**Time is short.** The challenge to stay below 2° C of warming looms ever larger. The current Copenhagen pledges add up to a 3° to 4° C world by 2100 at best. At the same time, we have massively failed to meet the CBD's target to significantly reduce the rate of biodiversity loss globally by 2010 (agreed by world leaders at the Johannesburg World Summit in 2002 and integrated into the Millennium Development Goals, MDGs). Catastrophic changes to our planet could happen well within the lifetime of our children.

**One planet.** Unabated, these crises will change our planet's unique human-life supporting conditions. Above 2° C of warming, ecosystem capacity to meet the needs of present and future generations will be severely compromised. In fact, even at a 1.5° C increase, lives in vulner-

able places such as small island developing states and communities in the polar regions will be tremendously difficult, and for some, impossible.

**Costs increase the more we delay.** TEEB (The Economics of Ecosystems and Biodiversity, 2009) is providing an economic evidence base for decision-makers, as Stern did for climate change. Addressing these challenges together will reduce costs and secure multiple benefits. But we must not steal from one pot to put money into another. New, not recycled, public money is essential. Money promised in the CBD process in the past should not be counted towards satisfying fast-start finance promises.

**Adaptation can support or harm nature and people.** Supporting natural and social resilience is cost effective, locally appropriate and our insurance mechanism for the future.

**Mitigation.** Nature can help. Ecosystems such as forests and peatlands absorb and store carbon, as do oceans and water bodies. If our mitigation choices harm natural systems, such as biofuels replacing natural forest, we risk releasing stored carbon into the atmosphere.

Some 190 Parties engaged in the UNFCCC are also signatories to the Convention on Biological Diversity. Meeting the MDGs by 2015 is the international commitment to tackle poverty. This year through to Rio+20 in 2012 provides an opportunity not to be missed.

Governments will meet to discuss biodiversity in New York this September and Nagoya in October, international development at the MDG Summit in New York in September and climate change in Cancun at the end of 2010.

Parties in the UNFCCC have a crucial role to play in encouraging cooperation and ensuring effective opportunities to make sure the links are made at national and international levels. Addressing these interconnected crises in a mutually reinforcing way is the only realistic and cost effective way forward for our modern world.

*[ssssshhhhh ... the Fossils are coming! ... the Fossils are coming! ... ]*