

# ECO



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## The \$100 Billion+ Question

Cancun delivered the Green Fund, now Durban must deliver the sources of finance to fill it. Where the money will come from is the \$100 billion+ question governments will need to answer at the African COP.

Financial flows for climate action must be scaled up to the tune of several hundred billion dollars a year. While much of this can come from the private sector, principally for mitigation, it won't flow without public funding to invest in capacity-building, technology R&D, creating policy and regulatory frameworks, and to leverage the private sector investments into areas where they are not now flowing.

Meanwhile REDD requires public finance investments over the next decade in the tens of billions of dollars, and adaptation requires even greater sums of public finance. It's clear to ECO that the annual \$100b figure must be almost entirely public finance to make a significant contribution to the amount of financing needed.

ECO recognizes that there are many issues on the finance agenda in Bonn – from learning the lessons of the fast-start finance (2010-2012), establishing new institutions, and deciding the scale of finance requirements. The finance issue that parties should focus most of their efforts on here in Bonn, and between now and Durban, is how to generate the public finance required.

Part of this must be from developed country budgets. But how much and from which governments must be spelled out. Durban is only one year away from the end of the fast start funding period, and there are as of yet no concrete commitments at all for the 2013 to 2019 period.

But even if we assume optimistically that governments will scale up from the fast-start levels, the problem remains. Developed countries have a tendency to provide funding that is not new and additional, but rather often comes at the expense of other existing commitments to development finance. Supplementary sources alongside government budgets will be absolutely necessary if we are to reach the levels of predictable, new and additional public finance required.

What is needed is a clearly defined and structured process to analyze, negotiate and reach conclusions on the sources of long-term finance between now and Durban. This process should involve workshops, submissions, informal Ministerials, receipt of and responses to input from past processes like the AGF and ongoing processes like those in the IMO and G20. By Durban this process should reach key conclusions on several concrete sources of finance and set out a pathway forward to operationalize them and identify further sources needed. This should include the establishment of an effort sharing approach for developed country governments' budget contributions, and also explore a range of new and innovative sources, including international transport (bunkers), financial transaction taxes (FTTs), and Special Drawing Rights (SDRs).

A breakthrough agreement in Durban on the basic parameters of a mechanism to address emissions from international transport, that can generate finance for climate action in developing countries, would demonstrate conclusively that the multilateral process is alive and well and breaking new ground. If Durban can also get resolution on a second commitment period on the Kyoto Protocol that sends a strong signal and provides certainty to private sector investors, Durban could well be remembered as a turning point on the road to a fair, ambitious and binding global regime.

## Get the Slides Out - But Don't Tell Us Something We Already Know

As Parties prepare their slides for the two upcoming mitigation workshops, ECO invites Parties to leave out those slides that do not contain new information but focus instead on what will help closing the gigatonne gap.

We would like to see on the first slide of each presenting developed country Party, the true emissions in that country in 2020 – after taking into account assumptions on LULUCF accounting, AAU carry-over and carbon offset use. Countries should further be explicit about what efforts they intend to make domestically.

Developed countries, with pledges below the 25-40% IPCC range, should show on their second slide which developed countries are going to compensate for their gap by making higher cuts instead, and how that goes along with a fair share of the globally needed mitigation effort. ECO believes that would guarantee some interesting discussions.

The third slide could include information on specific national circumstances. For instance, ECO is already sharpening its pencil awaiting anxiously a slide by Canada, that explains how a pledge that is even lower than Canada's Kyoto 1 target constitutes progress. Or take Ukraine's (or, say, Russia's) third slide, that, ECO suggests, should show how a target designed to bring in millions of tonnes of hot air into the system will help close the gigatonne gap. Or, have the EU explain its continued refusal to move to a 30% emissions reduction target (or, better, the 40% that ECO understands gets the EU closer to its fair share of international action in line with the cold hard facts of science), despite growing consensus underpinned by economic studies that doing so would create net economic benefits for the EU even in the absence of increased action by others.

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## When Is Mitigation “Meaningful”?

Do you remember almost three years ago when the EU adopted its climate and energy package it also promised that it would upgrade its weak ‘business as usual’ 20% target to 30% if other countries took comparable action? (ECO reminds the EU and other Parties that at least 40% is needed, three quarters of which should be achieved solely through domestic action en route to near-complete decarbonization by 2050). At the time, the EU was considered to be the global leader on climate action being the first industrialized country bloc to come forward independently with a deeper emissions cut proposal. Time passed but the EU is left standing still. If the EU took a look around, it would realize it is 2011 and other countries are taking action. Many are going even further than the EU in their proposed cuts, so why is the EU not fulfilling its promise? The move to a 30% carbon emission reduction target for the EU is now easier than ever. Practically speaking, in 2009 the EU’s emissions were already 17,3% below 1990 levels. Economically speaking, an upgraded target would increase auctioning revenues to Member States’ budget, it would boost innovation, create jobs, increase the EU’s energy security and reduce the costs of fuel and air pollution related expenses. Politically, simply implementing the EU’s already agreed energy efficiency target would take the EU’s domestic emission reductions to -25% below 1990 by 2020. At the dying embers of the Copenhagen talks, the European Commission President José Manuel Barroso was asked about the 30% and he made an ‘off the cuff’ retort: “no one was interested in this offer,” he said. Are there parties willing to prove him wrong and hold the EU to their promises?

## Improving LULUCF Data Quality: An Issue of Political Will

ECO feels strongly that Parties should stop hiding behind the issue of data quality in order to avoid accounting for emissions from their lands sector. Indeed this is an issue that should be tackled in SBSTA discussions on methodological grounds this week. Under current LULUCF proposals, countries can choose which land use activities under article 3.4 of the Kyoto Protocol they want to account for. It is essential that, instead, we move to comprehensive accounting for emissions from land use. However, Parties often express the concern that they are not yet able to manage the necessary inventories

## That Was Then, This is Now... EU (In)Action on the Road to Durban

Do you remember almost three years ago when the EU adopted its climate and energy package it also promised that it would upgrade its weak ‘business as usual’ 20% target to 30% if other countries took comparable action? (ECO reminds the EU and other Parties that 40% is at least what is needed. Three quarters of which should be achieved solely through domestic action en route to near-complete decarbonization by 2050). At the time, the EU was considered to be the global leader on climate action being the first industrialized country bloc to come forward independently with a deeper emissions cut proposal. Time passed but the EU is left standing still. If the EU took a look around, it would realize it is 2011 and other countries are taking action. Many are going even further than the EU in their proposed cuts, so why is the EU not fulfilling its promise? The move to a 30% carbon emission reduction target for the EU is now easier than ever. Practically speaking, in 2009 the EU’s emissions were already 17,3% below 1990 levels. Economically speaking, an upgraded target would increase auctioning revenues to Member States’ budget, it would boost innovation, create jobs, increase the EU’s energy security and reduce the costs of fuel and air pollution related expenses. Politically, simply implementing the EU’s already agreed energy efficiency target would take the EU’s domestic emission reductions to -25% below 1990 by 2020. At the dying embers of the Copenhagen talks, the European Commission President José Manuel Barroso was asked about the 30% and he made an ‘off the cuff’ retort “no one was interested in this offer” he said. Are there parties willing to prove him wrong and hold the EU to their promises?

and monitoring, and that existing methods tend to be expensive.

As a result, only a small proportion of the emissions from land use activities are accounted for. This means that many feasible and ‘low hanging fruit’ mitigation opportunities are missed. Furthermore, the emissions from the land use sector remain ‘hidden’ from Parties’ accounts and can increase without penalty.

ECO wants developed countries to agree on ambitious emissions reductions targets and therefore urges for Parties to move to improve data quality in LULUCF. The lack of high-quality data is no excuse for limiting the accounting regime. Getting the data right is not so much a question of lacking technologies and methodologies. Instead it is, above all, a matter of the lack

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Generally, ECO encourages all developed countries that have pledged reduction ranges to show, on a fourth slide, under which conditions they will move to the high end of their pledges, and in particular what part of these conditions has already been met and what would it take to get away with the rest. ECO would be very interested to hear from countries like Australia on preliminary assessments of the fulfillment of such conditions.

ECO has some ideas for slides from developing countries, too. They should clarify their assumptions on baseline projections until 2020, for both emissions and underlying key factors such as energy use or population growth, and principally any additional information that allows experts to assess what the emissions will be in those countries. ECO believes that a slide illustrating the expected impact and listing costs of all envisaged measures would help other Parties understanding the offers and needs of each country, i.e. what countries can do on their own and what support they need for doing the rest. And ECO is looking forward to see presentations from countries like Turkey, DRC and Thailand to name a few, that, as ECO has been assured, have their own domestic targets and measures but have yet to insert them into the famous INF documents.

Following the workshops, Parties should fully incorporate their findings into the formal negotiations. After all, the purpose of these workshops is to better understand each others’ pledges, to identify the size of the gigatonne gap, to get developed countries move to the high end of their pledged ranges (as a first step), and launch, in Durban, a process that would actually mandate further talks to agree on further action to close the gap to 1.5°C.

of political will to improve capacity for better monitoring and reporting, and to allocate the funds needed to achieve this. Time and resources have been invested in MRV-ing REDD+. Surely then, developed countries should also be able to make similar investments for the land sector in their own countries.

All the capacity, methodologies and guidance for reporting and accounting for the most significant pools of emissions are already available or within reach before the start of the second KP commitment period. ECO therefore thinks the following stepping-stones could be achieved in the second commitment period:

- Mandatory accounting for all existing and new land use activities as soon as data quality can be achieved.
- Concentrate MRV efforts in the near term on hotspots (areas of land with the most significant emissions) and quantify these as accurately as possible.
- If data quality is not sufficient, estimates could be based on conservative values.
- Parties can establish joint work programmes to support countries that lack capacity.