CLIMATE NEGOTIATIONS CANCUN, MEXICO NOV-DEC 2010 NGO NEWSLETTER

eco

3 DECEMBER
EL REY IGUANAS ISSUE

ECO has been published by Non-Governmental Environmental Groups at major international conferences since the Stockholm Environment Conference in 1972. ECO is produced co-operatively by the Climate Action Network at the UNFCCC meetings in Cancun in November-December 2010. ECO email: eco@sunlightdata.com – ECO website: http://climatenetwork.org/eco-newsletters – Editorial/Production: Fred Heutte

Lessons from Year 1 of Fast Start Finance

It's the end of the first year of the Fast Start Finance (FSF) learning period. Already it's clear that vital lessons must be discerned and addressed in decisions here in Cancun on long-term finance. There are three key lessons, so please take note.

First, the balance between adaptation and mitigation must be defined. Despite the commitment in the Copenhagen Accord to 'balanced allocation' between adaptation and mitigation, more than 80% of FSF has been allocated to mitigation. Worse still, it is estimated that less than 10% of major dedicated public climate funds to date (including FSF) have been allocated to adaptation (climatefundsupdate.org).

This is only the latest episode in the history of adaptation being the poor cousin of mitigation. We cannot afford to wait any longer to close the 'adaptation gap'. We need to establish a fair climate fund that guarantees at least 50% of resources are allocated to adaptation.

Second, the 'new and additional' problem isn't going to go away. There isn't a shared definition of 'new and additional' and some seem to hope there never will be. That's not good enough. The problem will come back to haunt us every year until a common definition is agreed. As discussions over long-term scaled up finance intensify, so too will concerns about the amount of money being diverted from development aid to climate finance.

To address this, the mandate of the Standing Committee on Climate Finance (the body charged with oversight of financing flows) should be mandated to propose a common framework for the additionality of long-term finance to be adopted by the COP.

Third, the role of loans needs far greater clarity. We know a large proportion of financing is being channelled as loans – 52% in the case of the EU, for example. That's bad enough – countries should not have to get into debt to adapt to climate change that they didn't cause.

But what's worse is that Parties haven't even agreed how to account for the loans provided. Germany, for example, initially counted only the grant equivalent of its loans, whilst France accounted for the full gross value. To be fair, Germany has now reversed their approach. Clarity is needed to confront these diverging approaches. To start with, the Standing Committee should have a mandate to propose a common framework for use of loans in long-term financing.

It is crucial to apply these lessons to the development and deployment of long-term climate financing.

The Elephant Gap

Delegates, in case you haven't noticed, there is an elephant roaming the halls of the Moon Palace, and it weighs something like 9 gigatonnes.

As reaffirmed by UNEP in its new Emissions Gap Report, the climate pledges made in Copenhagen fall far short of what is needed to limit global temperature rise to less than 2º C, and even further below a 1.5º C limit which is needed to minimize the inundation of low-lying nations and coastal areas, the loss of coral reefs and the permanent disappearance of summer Arctic sea ice. But instead of starting to bring the elephant down to size, Parties seem determined to fatten it up even further.

According to the UNEP, the gap between where the Copenhagen Accord pledges are now and where they should be in 2020 could be bigger than the combined emissions of China and Russia. At best, the gap 'only' equals all cars, trucks and buses in the world, or the combined emissions of the 27 EU member states.

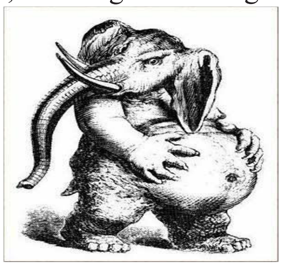
The UNEP report identifies specific actions Parties can take here in Cancun to help close the Gigatonne Gap. But their actions so far suggest they won't admit to seeing the elephant and that the future of the planet is at stake. For example, while strict LULUCF accounting rules would close the gap considerably, Parties are on the verge of cementing rules that will make the problem much

– Elephant, continued on page 2

– Elephant, continued from page 1

worse.

The list goes on. The EU is promoting an 8-year commitment period, freezing the current low level of ambition in place for the remainder of this decade. Russia and Ukraine insist on flooding the next commitment period with hot air from the first. The Umbrella countries have trouble acknowledging that there is any gap at all. It should be obvious that just implementing their Copenhagen pledges won't do the trick.



In the coming days ECO expects countries to act on the UNEP report. First, they need to drop the proposed accounting rules and loopholes that will expand rather than close the Gigatonne Gap.

In addition, while grappling with proposals to anchor the Copenhagen pledges in the UNFCCC, they should also fully acknowledge the existence of the gap and commit to a timely process to close it as rapidly as possible – before the elephant stampedes across the planet.

The EU Roadmap: Planning for Success

Over in snowy Brussels, the European Commission has set an agenda for 2011 in which the year 2050 looms large. During the course of next year the Commission plans to publish a Roadmap towards a low carbon economy for the EU by 2050, including milestones for the structural and technological changes needed by 2030. This feeds into a vision of an overall 'resource-efficient' economy, and will be followed by another Roadmap of possible development paths for the EU energy system to 2050.

An early prelude to this work is the European Climate Foundation's *Roadmap 2050* report which was presented in a side event yesterday. This major project, conducted and backed by numerous experts and stakeholders, analyses four scenarios for achieving at least an 80% decarbonisation of the EU economy by 2050. It puts a strong focus on energy efficiency and demand reduction, and priority is given to decarbonisation of the power sector, electrification of transport and heat and an integrated European approach to grid interconnection.

The four scenarios cover renewable energy levels ranging from 40% to 100%, with the remainder addressed by nuclear and CCS (you can guess which scenario ECO prefers). All four scenarios are found to be technologically feasible, secure, affordable, and even cheaper than business as usual, assuming a modest carbon price.

But the most important finding is that none of the scenarios will be realised automatically. A great deal of policy intervention will be needed in accordance with a structured, long-term plan. If we rely solely on the price of carbon, market mechanisms and near-term emissions targets, the risk of lock-in to a high intensity carbon system is high. At the same time, the upfront investment costs for major new grid, power generation and demand management infrastructure are substantial and planning ahead is a necessity.

What the EU needs – and indeed every country – is a Low or Zero Carbon Action Plan (alternatively known as a Low Emission Development Strategy or a Low Carbon and Climate Resilient Development Strategy).

The UK's Climate Change Act, with its legally binding national targets for 2020 and 2050, has precipitated just such a conclusion from the Independent Committee on Climate Change. By looking out to 2050, the Committee came to the sharp realisation that the country's power sector needs to be decarbonised by 2030. Clearly the only way this can happen is by means of major policy intervention over and above what the carbon market will deliver, starting now.

There is hope that focusing on 2050 will deliver an EU-wide strategy, complete with milestones and measures. And there should be immediate recognition that a target of 20% emission reductions by 2020 is far from the least cost pathway.

It is time to accept the necessity of long-term strategies to bring us safely to 2050. That needs to be firmly embodied in an international agreement. Not only would zero carbon plans for developed countries avoid nasty surprises down the line, they will provide tangible benefits in terms of innovation, job creation and quality of life. And they would greatly improve MRV and trust in developed country actions matching intentions – something currently very hard to find.

Loss & Damage

Damage to 'Mother Earth' due to climate change is already happening. Loss and damage, such as severe flooding, sea level rise, glacial retreat, ocean acidification and loss of biodiversity – these are effects that would not be happening in a world without substantial climate change.

The recent floods in Pakistan prove the point of how serious this really is. Island states such as Tuvalu, Kiribati, the Maldives and many others where much of the land area is less than 1 metre above sea level face the prospect of submersion. And where the inundation of their land is not complete, as well as low-lying coastal regions globally, there will be dramatic degradation of anything remaining above water. No wonder that throughout the Pacific region, plans are being made to relocate whole populations.

This reality check provides some context for the reference to loss and damage in the Chair's LCA text. That provides a positive signal but is not yet at the level of seriousness it deserves. The COP must take a decision here at COP 16 to mandate an elaboration of a mechanism to address loss and damage.

To be certain, addressing loss and damage on the regional and national level is not easy. It requires the active participation of a broad range of stakeholders and mobilization of expertise such as risk reduction practitioners, scientists, the insurance industry, etc. Such engagement cannot be achieved with only weak recognition of the issue.

A work programme including workshops is needed to develop modalities for the mechanism to be approved by COP 17. ECO also highlights that the scope of the mechanism on loss and damage clearly depends on the level of ambition in mitigation (which as of now is far short of adequate) and concrete adaptation actions to enhance the resilience of the most vulnerable people and ecosystems.

Fossil of the Day

No Fossils Today

Santa Claus was making his list and checking it twice, and just for once nobody was naughty and everyone was nice.