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The Review Issue

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Mid-Term Finance Gap Looms Large

The painful fact that the US opposes talking about sources of long-term finance needed to meet the $100bn commitment by 2020 (a commitment championed by the US in the run up to Copenhagen), seems to ECO suggestive of a wilful amnesia. Has the US forgotten that fast start finance will only take us up to the end of 2012? What then? Will we fall off a cliff, and only then look up to see the mountain? With FSF due to run out twelve months after Durban, ECO feels that the time is right to get real about the post-fast-start years. It's good to plan ahead, right?

ECO finds it tricky right now, to peer through the fog. Developed country Parties are yet to outline a path for climate finance post 2012. Are some developed countries perhaps looking to scale back their climate finance spending? Most of FSF wasn't exactly additional anyway, but simply a recycling of old pledges and already planned budget lines. Yet, post-2012, if Parties aren't paying attention (and making the case in capitals) the level of public climate finance on the table could end up shamefully less than FSF - with dire consequences for adaptation and mitigation efforts – and for the credibility of the promises countries brought into the Copenhagen discussions.

ECO suggests that those eager to ensure some form of "mid-term" finance in the run up to 2020, take a look at how they will influence legislative processes and budget cycles in developed country capitals. To connect with those cycles, Parties might want COP17 to send a strong political signal that mid-term finance is vital to securing progress on a fair, ambitious and binding agreement – otherwise developing countries won't see much in 2013. Since Copenhagen, when the FSF pledge was made (with some countries only just releasing their existing funding obligations), ECO has learned quite a few lessons - such as the need for FSF to be clearly additional to development aid targets. The signal needs to go home – no sources, no finance, and no deal.

ECO is sadly aware that both the fast start finance amounts and the long-term $100bn commitment fall far short of anticipated needs. But whatever its shortcomings, the $100bn were the benchmark set by some Parties to our negotiations. Is it unreasonable that ECO now urges that these same Parties establish a clear, transparent and accountable pathway, for scaling up public climate finance commitments after 2012? If your promises are modest, the least you can do is achieve them.

ECO is a rational observer. And it seems logical to us that the fast-start baseline of $10bn a year must become a starting point, from which to build up to 2020. How else is it possible for developed, to present a credible trajectory towards meeting the $100bn commitment? And, since we have learned to be a little cautious about developed country promises, we would also (with respect) wish to see concrete signposts for delivery, at 2013, 2015 and 2018. Of course, ECO wouldn't want to meddle too much with what a delivery plan should look like, but our (kindergarten) math tells us that to get from $10bn a year in 2012 to $100bn a year by 2020, might require quite a bit of scaling up. Of course, developed country finance ministries (who have demonstrated their consummate ability to manage the global economy), are much better placed than us to contemplate the pathway needed deliver at least $20bn in 2013.

And funnily enough, ECO would also like to make sure that the money on offer hasn't already been promised (one, five, ten, or fifteen times). The last time we looked, people impacted by climate change hadn't miraculously stopped needing support to address their basic development needs

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Review *on* the Review

As Parties are about to enter into the second round of informals on the 1.5°C review, ECO suggests delegates recall that the review was meant to assess the adequacy of the long-term temperature goal, as well as the progress towards achieving it (which according to ECO includes both countries' targets as well as the support to be provided to the developing countries). ECO sides with those Parties that plan to shape the scope and modalities around the global goal, and did not find the suggestion made by the USA and Japan exactly constructive, namely to review the Convention as such. Not only is there no mandate for that, ECO also believes this would be fast start to a dead end and a sheer waste of time, which we are fast running out of.

Thus, for today's informal, ECO kindly reminds Parties that while comparability, transparency and accuracy are all critical for reporting actions, sound modalities will be highly crucial for a meaningful review. ECO is convinced that everyone in the room agrees on a sound scientific basis. For example, the need to move to a 1.5°C temperature goal (and associated emission pathways) might have implications on subsequent timeline adjustments to ensure the input from IPCC AR5 is incorporated into the process. Parties next year will also want a technical paper on the scientific, technical, and socio-economic issues relating to temperature increase of 1.5°C ready for the beginning of the review. Oh, and don't forget: modalities that do not specify what will happen with the findings of the review are certain to miss the point. *Review so as to lead to action.*

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Loss & Damage: *Time to Set Activities Here and Now*

The lack of ambition in current mitigation pledges, and consequent climate impact trajectories, likewise show that Parties no longer can avoid the question of loss & damage. The Work Programme agreed on in Cancún is still an empty shell and needs to be substantiated with concrete plans in this session. It is ECO's understanding that failing to accomplish this here and now would mean further delay and impact the procedures of the programme until the **next** fall session (post COP17 that is).

The Cancún decisions provide a good starting point to include aspects, which are critical to address the needs of all vulnerable countries impacted as a result of worsening climate change. ECO believes that the specific issues that need to be addressed are: First, the work programme should elaborate and galvanize support on national and subnational approaches ranging from risk reduction strategies (as per the Hyogo Framework for Action) to social security and protection measures to viable risk sharing and transfer options. Second, an international Climate Risk Insurance Facility should be discussed in order to provide timely, need based and adequate support for countries in case of severe climate effects, ensuring a risk reduction paradigm. Thirdly, Parties must not shy away from discussing the issues around slow-onset impacts such as sea level rise, desertification, loss of biodiversity or impacts on agriculture potentials, which already affect vulnerable populations worldwide. In looking for common grounds, Parties should structure the programme in different phases under each topic area; (i) ways to assess loss & damage; (ii) possible implementation options including their opportunities and limitations; and (iii) implementation options under the Convention and accompanying processes.

Lack of clarity (or position) on loss & damage is not acceptable for stalling or inaction because it's a matter of survival for the most vulnerable. Rather, the work programme offers the chance for Parties together with stakeholders to show, understand, and implement solutions to minimize loss & damage, that otherwise could not be implemented. This should also be understood by some parties that seem to be deliberately confusing the process.

ECO will follow the Parties in undertaking the work programme and provide input as they move along to develop recommendations for future negotiations.

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(around $130bn globally.) Mid-term finance must be new and additional – finding old, already pledged money under your developed country mattress is not tolerable.

It doesn't take an ECO article (though we of course believe that helps!) to make the point that climate financing can't be based just on pledges. Pledges may work for the initial years following the fast start period, but if Parties are at all serious about moving toward the 2020 goal, then ECO proposes an altogether more rigorous approach. A combination of significant additional budgetary commitments (based on the principle of fair shares) and funding coming from a set of innovative sources must be phased in as they become available.

Reaching political agreement on a mechanism to generate revenues from international shipping and aviation (with no net incidence on developing countries) is one step that could practically address the existing financing gaps. ECO agrees with Bolivia that a financial transaction tax would also provide much needed additional finance. And ECO has also been attracted by the idea of Special Drawing Rights (SDRs) to provide immediately available capital to finance climate action in developing countries. Options abound. Choices, choices! But who will take the first step, and help us find that pot of gold at the end of the rainbow?

Ludwig in Bonn

Yesterday's negotiations over whether to hold an additional session later this year left Ludwig wondering if negotiators might be more concerned about his amusement than advancing the negotiations. Parties seemed more interested in coming to agreement on 'critical' issues such as whether September is in the Spring or the Fall, than on how such a session could be made useful! And the cling-cling sound track of loose change seemed to ring, as the only Parties to raise concerns about an additional session were those that would be expected to contribute toward it. While Ludwig appreciates negotiators working to hard to keep him amused, he can't help but wonder, instead of fighting over the seasons, how about working towards making an extra session worth the money?

Unstable Lady Belarus

Belarus's efforts to promote accounting of removals from wetlands in the LULUCF sector could achieve significant impact on the ground, particularly when looked at from a domestic perspective. While promoting wetlands restoration under the UNFCCC, at home Belarus is planning to develop an ambitious new program of peatlands drainage and extraction.

Emissions from degraded peatlands in Belarus have fallen significantly – by 80.6 percent from 1990 levels. Despite this progress, Belarus ranks eighth in the world on peat-carbon emissions.

But this positive trend may soon be broken. The government plans to build nine new peat plants and use the extracted peat as fuel; inevitably increasing emissions from peat extraction and burning.

Concern is mounting, particularly as plans include peatlands drainage and extraction from a number of protected areas recently restored with the help of international assistance projects. In fact, according to preliminary information, should these plans move forward, approximately 20 nature reserves would be either partially or completely eliminated, along with their diverse biodiversity

Sadly, access to dirty fuel sources seems to be more important to the Belarusian government than the protected areas it has received support to preserve, and it is unlikely that Belarus's current plans will subside. This domestic reality is one clear example of the important difference the inclusion of mandatory wetland management in LULUCF would make towards ensuring countries take responsibility for wetland conservation.