

ECO



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Draft decision: Solid start, improvements needed

ECO welcomes the draft decision of the co-chairs as a good start for developing a comprehensive international framework for long-term cooperative action beyond 2012, building on the Convention and Kyoto Protocol. However, reflecting the urgency of the situation, *ECO* wishes to highlight key areas where the text must be strengthened to demonstrate that the world is really serious about dealing with climate change.

It is essential that this decision provides guidance for the level of ambition of these negotiations. While *ECO* strongly welcomes each of the elements in the paragraph noting the need to peak and reduce emissions in the next 10 to 15 years and the references to the needed industrialised country reductions of at least 25-40 per cent below 1990 by 2020, *ECO* believes that these numbers belong in the operative part of the text, not in the preamble. With the IPCC's Fourth Assessment in hand, Parties should be prepared to agree to these types of ranges in Bali. In addition, the 2050 target should also include a 1990 baseline, especially since "very low levels" are so desperately needed, as the text itself notes. It should also be clearly stated that the objective is to keep global average temperature below 2°C, in comparison with pre-industrial levels.

Equity must be a central feature in creating a shared vision in the global community for the long-term cooperative action needed to achieve the ultimate objective of the Convention, and should be an additional principle to guide Parties.

On the first issue of mitigation, para (b)(i), should refer specifically to the countries that do not have a home, namely non-Kyoto Annex I countries, and most specifically, the US. It should not be broadened out to all developed countries, but rather provide a space for the US and other Annex I non-Kyoto ratifiers to negotiate legally binding quantified reduction obligations commensurate with those being negotiated by Annex I Kyoto Parties in the AWG. This is necessary if Annex I Parties as a whole are to achieve the 25 to 40 per cent reductions in emissions below 1990 levels by 2020. Also, it must be made absolutely clear that legally-binding QELROs are the only appropriate character of action by developed countries, and that consideration of sectoral, intensity-based, and other approaches should be extended only as options for rapidly industrialising developing countries.

Such a reformulation will ensure that Kyoto industrialised countries, such as the ever-wavering Canada and Japan, stay negotiating in the AWG, rather than jumping over to the Convention track. In addition, the process to determine the obligations of these non-Kyoto Annex I countries should be robust, following the model of the AWG and ensuring that their mitigation potential and other issues are addressed. This arrangement can then be reviewed in Poznan, by which time the next US President has been elected and the

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Canada instructed to sabotage negotiations

Leaked negotiating instructions reveal Canada's delegation has explicit instructions to demand binding, absolute emissions reductions from all major emitters. The documents also show the government wants other countries to recognise its so-called "national circumstances" entitle Canada to a weaker target.

By setting conditions that Canada well knows developing countries cannot and should not accept, this "poison pill" proposal is clearly aimed at disrupting negotiations in Bali as they move into their critical final week.

Canada has squandered its ability to credibly ask other countries to take on binding targets by walking away from its own Kyoto obligations.

Last week, Rajendra K. Pachauri – Chair of the Nobel-Prize winning Intergovernmental Panel on Climate Change – warned that Canada's government is "a government of sceptics" that "do not want to do anything on climate change."

The approach described in Canada's leaked instructions violates the UNFCCC's fundamental principle of "common but differentiated responsibilities" amongst nations. This principle requires industrialised countries – with their higher per-capita emissions, per-capita wealth and share of historical responsibility for global warming – to take the lead in reducing emissions. Canada is effectively trying to rewrite history by putting the burden of emissions

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“Forest Conservation” – right answer, wrong problem

The aim of a REDD mechanism, as the name suggests, is to reduce and ultimately halt deforestation. It is an emissions reduction or mitigation mechanism. Whether deforestation is high, low, starting to occur or is not active, but could potentially occur in the future and could threaten existing forests, then it becomes an emissions reduction issue and should be considered in REDD.

Maintaining existing forests which have already been protected is very important but is a conservation, not an emissions reduction, issue. Yet the concept of “forest conservation” is now being discussed in the negotiations on reducing emissions from deforestation and could potentially create perverse incentives to inflate the deforestation baseline to receive more incentives. Such inclusion of “forest conservation” fails the basic test of additionality. It confuses emissions reductions which would not have otherwise happened, with maintaining constant forest cover. Rewarding countries for past efforts to stop deforestation and stabilise forest cover would likely result in taking away resources from future reduction efforts. This is perhaps taking the concept of “early action” a bit too far, pushing years into the past.

Furthermore, the expansion of forest sinks (i.e. afforestation and reforesta-

tion) has also been suggested as a viable activity in REDD, even though this is about sequestration not mitigation. This should remain a legitimate mechanism where it is already, under the CDM. *ECO* is concerned that the scope of REDD has broadened beyond mitigation and is slowing down discussions.

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Nobody could object to “forest conservation”, but any inclusion threatens to undermine all the work on REDD in SBSTA, and indeed the whole idea of committing to new, additional cuts in emissions from forests that the climate requires.

Errata non grata

ECO apologises for an error in its article in issue #5 (Dec. 7), “AF or GEF? Keep your eye on the ball!” Due to an inadvertent editorial omission, the published version of the piece neglected to distinguish between those Global Environment Facility (GEF)-managed adaptation-funding lines under its Trust Fund (Strategic Priority on Adaptation, or SPA) and those outside the Trust Fund (LDCF, SCCF). It is especially unfortunate the mistake occurred in an article highlighting “miscommunication” on the part of the GEF CEO about the application of the “incremental cost” requirement to projects under the SPA – a fact that was correctly reported in the article and remains undisputed.

Fortunately, the main thrust of the article – that key decisions about governance of the Fund such as the composition of the Board are more important than the identity of the secretariat – was heard by delegates, who are on the verge of an agreement on the Fund that would see an even balance of rich and poor countries in its governance. While several issues remain to be resolved, starting this morning, a solution is at hand that could cement the democratic governance of the Fund for the future. Here is how:

- The composition of the Adaptation Board should be finalised and agreed at this COP, with an overall size that allows for an effective, hands-on approach to the affairs of the Fund.
- The institutional identity and location of the secretariat should be decided by the Board, when constituted, together with the COP/MOP.
- Until a further decision by the Adaptation Fund Board and COP/MOP on the choice of the secretariat is finalised, the UNFCCC Secretariat should serve as interim secretariat to the Adaptation Fund to support the work of the Board.

ECO takes note of the interest and scrutiny of the Global Environment Facility in the article, and hopes it will be equally diligent in future communications about its own activities to the COP and the Parties. After all – assuming it was a mistake – we all do make mistakes from time to time, right?



Norway to grant US\$545 million a year to halt deforestation

The Norwegian Government yesterday announced it would grant up to US\$545 million a year over the next five years – or a total of US\$2,725 billion for the period 2008-2012 – to help tropical countries halt deforestation.

Norway's Prime Minister, Finance Minister and Environment Minister, who arrive in Bali this week, will urge other countries to join the initiative.

This effort to help finance reduced deforestation will be additional to other cuts in greenhouse gases. Norway's alloca-

tion represents almost 5 per cent of the estimated cost of stopping deforestation as presented in the Stern Review. The funding is said to be conditional upon the establishment of adequate control mechanisms, possibly through a cooperative effort between UN institutions, or through the World Bank. The grant was originally proposed by Rainforest Foundation Norway and The Norwegian Society for Conservation of Nature (Friends of the Earth Norway) in a recent letter to the Norwegian government.

UK stepping up to the plate?

UK Environment Minister Hilary Benn arrives in Bali today and CAN is looking to him to deliver on the UK government's claim to be a world leader on climate change – most notably by raising the bar for strong emissions reductions from all Annex I countries, including the US.

Of course, showing leadership on the international stage needs to be backed up with impressive action at home. So far the UK's domestic record has been less than impressive but the Climate Change Bill – which is going through the UK Parliament this week – offers a great chance to get UK emissions back under control. The legislation, the first of its kind in the world, will set legally binding targets for five-year budget periods running ahead to 2050 and create a new independent committee to advise on setting carbon budgets and assess progress towards them.

The Bill's main weakness is that at present the targets are simply not strong enough. The government is proposing that carbon dioxide emissions should be cut by 26-32 per cent from 1990 levels by 2020, and by "at least" 60 per cent by 2050.

Prime Minister Gordon Brown is also

moving towards more ambitious targets. In a speech three weeks ago, he spelt out that the UK's "overriding aim" in climate policy is to stay below 2°C – a far clearer endorsement for the EU goal than Tony Blair ever made. He also accepted that scientific evidence now pointed to reductions of "up to 80 per cent" for developed countries by 2050, and asked the new Climate Committee to advise on a tougher target under the Bill.

This is welcome progress – but UK NGOs want Mr Brown to get it right first time, and to put a target of at least 80 per cent into the Bill. It is worth noting that Sir Nicholas Stern – whose review of the economics of climate change was commissioned by Gordon Brown – stated just before Bali that "even a minimal view of equity demands that the rich countries' reductions (direct or purchased) should be at least 80 per cent."

However, big challenges remain if Mr Brown is to deliver on his vision of a low-carbon UK. Several new coal-fired power stations are in the pipeline, the government has been worryingly wobbly on EU renewables targets and aggressive plans for airport expansion threaten to blow a massive hole in the UK's future carbon budgets.

Qualified support for CDM review

The Swiss Government last week proposed a review of the Clean Development Mechanism (CDM). *ECO* welcomes this development on condition that the review not only examines how to improve the CDM within its current structure, but also whether fundamental restructuring away from project-based emissions trading is needed. The review must

evaluate the accuracy of current additional-ity testing procedures and, more broadly, the feasibility of accurately testing additionality on a project-by-project basis. It should also appraise the social and environmental impacts of CDM projects and ways to prevent projects which cause substantial harm or human rights abuses from generating carbon credits.

Capacity building training offered to US

ECO could not believe its ears when it heard the rumour that the US, both in SBSTA and SBI, had given up its longstanding resistance to proposed text to give the "[constituted body]" on technology transfer a two-year rolling work programme. This would include, inter alia, looking at the long-term perspective beyond 2012. *ECO* wondered about the reason of this open-heartedness. Was the olive branch the effects of the soothing Balinese massages US delegates had been receiving at their resort spa?

Well, anyway, their effects quickly wore off. The US, as part of a subgroup of the Umbrella Group, tabled an alternative to the balanced draft decision proposed by the G77&China under the SBI. This move, and its substance, can only be seen as attempt at sowing discontent. In rejecting the development of performance indicators to assist the SBI in the review and assessment of technology transfer, the US stated the implementation of Technology Needs Assessments (TNA) is the key. In simple language: the limited transfer of technology from Annex I to developing countries is mainly caused by recipient countries.

ECO, in an attempt to reinvigorate a constructive spirit, offers the US delegates a free capacity building course on technology transfer. As part of the course, *ECO* will highlight that technology transfer is about mitigation, adaptation and equity, and that some global frameworks such as the WTO distort the playing field.

Fossil of the Day

Last Saturday Canada swept all three fossils available. It was awarded first place for demanding absolute binding emissions targets for developing as well as developed countries, in a clear attempt to sabotage the Bali progress.

The second place award was for urging a special exception for "national circumstances" to ensure particular countries are not "unduly burdened" by strong targets.

It took third place for mentioning 2050 as a target date for emissions reductions – but not mentioning anything in the short or medium term, nor giving a baseline year for the 2050 target.

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global community will have a better sense of future US negotiating positions. Negotiations should be concluded by 2009.

A clear firewall between actions expected from these parties and non-annex I countries is essential, so negotiation of non-Kyoto Annex I parties' targets must be kept as a separate agenda item in future meetings.

ECO welcomes the efforts made thus far by many developing countries and the role they have been playing here in Bali. In regards to the paragraph on developing country mitigation, para (b) (ii), *ECO* also suggests a strengthening of this text, adding "reportable" to "in a measurable and verifiable manner," and making it clear that this paragraph refers to additional national actions by developing countries.

Deforestation must also be a key element of these negotiations, whether here or in the SBSTA, but the text is too vague on this point and should state clearly that the focus will be on reductions of emissions from national baselines. Degradation must also not be forgotten.

While the paragraphs on finance and technology cooperation make all the right noises, there is little substance, an empty vessel that could use some filling. This issue will be given the full treatment it deserves in *ECO*.

Adaptation must feature strongly and have equal footing. The preamble should note the important role that adaptation plays in achieving developing countries' sustainable development objectives, and should acknowledge that current efforts by Annex I Parties to implement their obligations under the Convention are not delivering what is needed for adaptation.

The preamble should also note the inextricable linkage between the degree of adaptation needed and the degree of mitigation achieved. As the IPCC report makes clear, failing to reduce emissions so as to avoid the worst impacts of global warming will exceed the adaptive capacity of ecosystems and many societies, in particular the most vulnerable countries.

ECO believes the decision x/CP.13 in its final form must mandate negotiations that lead to substantially and rapidly increased funding and technology transfer from developed countries for adaptation in developing countries, in particular in the most vulnerable countries. Considering legally binding commitments by developed countries on adaptation is an important enhancement that is needed to give substance to the decision text.

With regards to how this process moves forward, *ECO* finds Option 1, continuing the Dialogue, to be completely unacceptable. Negotiation of additional mitigation actions by non-Annex I Parties, as well as binding emissions reduction obligations by the US and other non-Kyoto Annex I Parties, is necessary to continue progress towards achieving the ultimate objective of the Convention. Together with the AWG negotiations of deeper emissions reductions by Kyoto Annex I Parties, these negotiations under the Convention form the three legs of the climate action "stool." As with a stool, without all three legs, the process will collapse.

While there are a range of interesting "relevant external processes," it is not appropriate for a formal input to occur in this process. This is particularly true of the Major "Emitters" Meetings of the outgoing Bush Administration, which is a clear attempt to subvert this multilateral UN process.

ECO finds it perplexing that no work plan is attached to this draft decision and highly recommends that Parties in Bali also focus on such a plan to guide the work going forward.

Finally, COP 14 in Poznan will provide an essential moment to take stock of progress made, and this text should empower changes to be made to the structure of the negotiations at that time if necessary.

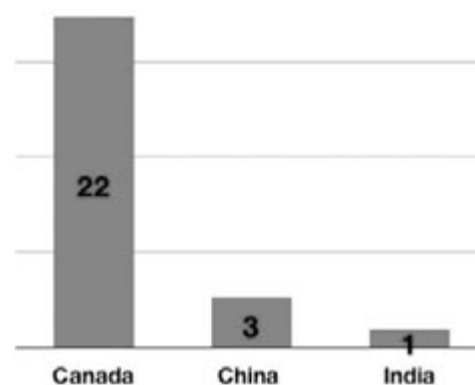
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reductions on poorer countries.

Although countries such as China and India need to take actions to limit their emissions, they should not, in the near term, be subject to the absolute emissions reduction targets essential for industrialised countries. *ECO* highlights that Canada's per-capita emissions are about 18 times higher than India's and 6.5 times higher than China's (see graph).

At a time when countries like China, South Africa and Brazil have shown a willingness to do more, Canada clearly looking for any excuse to do less.

Greenhouse Gas Emissions (t) per capita



Based on latest comparable data reported to UNFCCC

