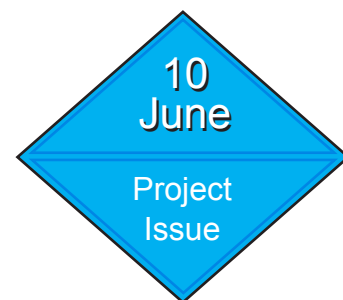


ECO



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We Saw Success for Warsaw

ECO was impressed by the creative moves of the delegates on the dance floor Saturday night. Now, with only 16 meeting days left this year, ECO expects to see an increasing amount of creative and ambitious Party moves inside the negotiation rooms too, to make the COP in Warsaw a success. (It is worth clarifying that this does not mean *wig-gling* out of commitments!)

2014 - the year of ambition - is just around the corner. The foreseen KP Parties' revision of their targets next spring offers a timely moment for all countries to revise their near term targets, while Ban Ki-Moon's leaders meeting in the autumn of 2014 presents a great opportunity for tabling new 2025 targets.

In Warsaw, Parties will need to commit to both strengthening their current targets (to bridge the 2020 gigatonne gap), as well as to **putting forward new, post-2020 targets in 2014** that are fair and adequate. To ensure that the 2014 pledges will be transparent, quantified and comparable, Parties will need to agree on some guidelines in Warsaw. Equally, the Warsaw Decisions will need to give further clarity on the nature and scope of commitments for countries at different levels of responsibility, capability and development. Commitments should include mitigation and finance and be guided by an Equity Reference Framework (ERF), for which a formal process needs to be established.

While Parties have already agreed to deliver

a negotiating text on the 2015 agreement before May 2015, Parties will need to adopt a work plan and milestones for producing this text in Warsaw. Specifically, Parties must agree on **key elements for a structure of the 2015 deal** so that subsequent sessions can build on them to move steadily towards a comprehensive final agreement, and not leave all decisions to be resolved at Paris. We all know where that leads...

All developed countries must set out – in a comparable manner - what climate finance they will be providing over 2013-2015, as part of doubling fast start funding levels for this period, and **commit to a roadmap** for scaling-up global public climate finance and reaching \$100bn per year by 2020.

ECO would like to extend a formal invitation to Finance Ministers to take part in the Warsaw COP so that the “high-level ministerial dialogue” (yes, parties in Doha wanted it to be THAT special) actually delivers the decisions we need so urgently on finance. Parties must also pledge specific amounts of finance to the Green Climate Fund, which must be operationalised in Warsaw, and to the Adaptation Fund.

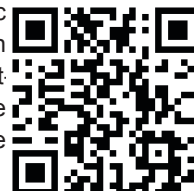
Parties must also agree on a way to ensure that international aviation and maritime transport, which are not included in national emissions targets, make a fair contribution to emissions reductions, and to financing climate actions in developing countries. These

are the fastest growing emissions sectors worldwide, and their fuels are currently not taxed, unlike domestic transport sectors, which means they are not paying for their climate impacts, and have an unfair advantage over other sectors.

As should be clear by this point, dear ECO reader, there is much to do in Warsaw and afterwards. This week, the ADP should focus on its work plan from now until the COP. As time is short and ECO is completely fed up with procedural nonsense (SBI anyone?), this does not mean spending the week discussing whether to suspend or conclude the ADP (as ECO can only imagine the potential mess of trying to open another ADP session and the agenda discussion that would ensue). Rather, Parties must set a deadline for the next round of submissions and clarify the content sought. Here, views on the decisions from Warsaw including guidance on a deadline for initial pledges (2014), information on the details of those pledges and the process for review (i.e. the ERF process), as well as initial thoughts on the overall structure of the 2015 agreement, are a minimum.

Finally, you can't spend all of your time planning. You've got to also be *doing*. So, in addition to the ADP work programme forward, ECO urges Parties to take time preparing the actual tangible outcomes for Warsaw, including in terms of 2013-2015 finance pledges, loss and damage mechanism and near-term ambition. Here's to a productive week!

To Russia, and really not feeling the love at this point: We understand that you want to have your agenda item to hold over our heads like the Sword of Damocles for the coming years. And indeed, it's true that the Saudis have their Response Measures item to wreak havoc with whenever they want, and others have made silly demands, and sometimes gotten away with them. Clearly some democratic solution must be found. So here's ECO's proposal: Every Party is entitled to their own agenda item in the body of their choice, in which they can introduce any matter at any time, and all work in all other bodies must stop until that matter is resolved to the satisfaction of that Party. In this situation, which shall henceforth be known as “Multiple Agenda Deterrent”, or MAD*, we hope the threat of all other parties pushing the button in retaliation will be sufficient deterrence that no party will dare to go first. You are welcome. *Not to be confused with “Mutually Assured Destruction”, an entirely different scenario



[Human Rights] in the CDM

After this weekend's CDM reform workshop, ECO has new hope for the CDM's ability to address human rights. For the first time in the history of the CDM, Parties had an open dialogue about the impacts of CDM on human rights. It is important to recall that Parties agreed to "fully respect human rights in all climate change related actions." The review of the CDM Modalities and Procedures provides a critical opportunity for the CDM to make this a reality.

A case in point...The Barro Blanco project is a hydroelectric dam that is currently under construction on the Tabasará River in western Panama. Once completed, the dam is projected to flood homes, schools, and religious, historical and cultural sites in Ngäbe indigenous territories, threatening the Ngäbe's cultural heritage. In addition, the dam will transform the Tabasará River – critical to the Ngäbe's physical, cultural, and economic survival – from a flowing river to a stagnant lake ecosystem. This will severely affect the Ngäbe's lands and means of subsist-

ence, and result in the forced relocation of many families.

CDM rules require investors to consult with local stakeholders and to take their comments into account during the registration process. However, the company did not consult the Ngäbe communities regarding the Barro Blanco project and its impacts. In February 2011, the Ngäbe, in collaboration with civil society groups, submitted comments to the CDM Executive Board. The comments documented the Ngäbe's concerns, in particular the fact that the Ngäbe were not given notice of the consultation process and were never consulted. Despite concrete evidence that the Barro Blanco project violated CDM rules on stakeholder consultation, in 2011, the CDM Executive Board registered the Barro Blanco as a CDM project.

Now that Barro Blanco has been registered, there is no process that allows the Ngäbe to raise their concerns regarding the project's social and environmental impacts. Over the past two years, the SBI has been negotiating an appeals procedure that would allow stakeholders of the Convention! But let's please be clear on one critical point: No Party proposing an Equity Reference Framework has any desire to re-write the Convention. Just the contrary. The goal here is to ensure that the Convention's all-important equity principles can be put effectively into practice.

ECO encourages all Parties to now put forward views on indicators that simply but adequately represent these principles. With these views on the table, Parties could then define a basket of indicators that help inform and bound the discussion. Such a basket would give the Parties and Observers a standardised context within which commitments can be prepared and compared, and against which both Parties and independent experts could test the adequacy and fairness of all commitments.

US – if it's any comfort, we can assure you that posed changes. Some of them posited that everything was all right with the mechanism and that people who raised doubts about additionality were only showing their ignorance. ECO suggests that a little less self-congratulation would be in order given the number of academic studies that have concluded that there are in fact substantial problems. If you want a future for the CDM you need to improve its reputation by addressing the problems, not ignoring them. This old-fashioned thinking will certainly not help the CDM to recover and scale up but will once and for all give it the lethal injection.

Joint Implementation has been in the shadow of the CDM for many years. Yet close to 800 million JI credits have been issued to date. Strong reforms are needed for JI. Almost all of them under track 1 have very limited transparency or integrity. Despite the poor quality of JI offsets, they are used extensively. Strong reforms are needed for JI. The experience with JI track 1 shows that a new, unified track needs to have strong international oversight. Also,

to challenge registration decisions under the CDM. However, ECO is dismayed that, as discussions currently stand, this procedure would not provide a means of recourse for affected communities once a project is under construction or operational.

More than 6,500 projects are registered under the CDM, and these projects will be operational for many years to come. ECO calls on Parties to revise the CDM Modalities and Procedures to: establish international safeguards to protect human rights; strengthen requirements on how to conduct local stakeholder consultations; establish a grievance process that allows affected peoples and communities to raise concerns about harms associated with CDM projects; and develop a process to deregister projects where there are violations of CDM rules.

To learn more, join us at a side event on CDM and human rights TODAY at 6:30 pm in Room Solar. You will meet Weni Bakama, a Ngäbe activist, and other panelists who will discuss how we can integrate human rights protections in the CDM.

nobody believes that it will be easy to focus the diversity of views on equity into a working consensus. But it is possible, and such an effort, pursued in good faith, would yield its own benefits. The next few years will not see us agree on every detail, but we can reach a consensus that is sufficiently precise, and sufficiently robust, to allow the Parties to agree to commitments that accord with both the science and a full operationalisation of the Convention.

The 2015 accord will only be ambitious and inclusive if it is also fair. On that we can all agree. With the EU, Switzerland and other Parties also showing openness to this discussion, week one of Bonn gave us hope for genuine progress on equity. ECO looks forward to many more constructive discussions over the week ahead.

issuance of JI credits for emissions reductions after 2012 should only be possible once the host country has issued its AAUs for the second commitment period. The future 2015 regime will require market mechanisms to work in a different world where many developed and developing countries will have mitigation commitments.

This issue is currently being discussed in SBSTA, where Parties are establishing a new market mechanism and a Framework for Various Approaches that should make emission reductions units that are achieved by various mitigation systems internationally tradable and eligible for meeting national emission reduction targets.

Some countries have put forward good proposals to avoid double counting. But ECO is missing support for centralised governance and international consistency of standards and how to achieve net mitigation benefits. And let's not forget, before we can agree on anything, we need an international accounting framework and clearer and more ambitious pledges.

Towards Consensus on Equity

ECO was overjoyed on Saturday when a number of Parties publicly called for a process to develop an Equity Reference Framework. Such a process would be an opportunity of the first order, one that could allow us to unlock ambition, maximise participation, and ensure success in Paris.

South Africa, Kenya, Gambia on behalf of the LDCs – ECO warmly welcomes your constructive interventions on this matter. We now encourage all Parties to make submissions to the ADP co-chairs ahead of Warsaw, and to support a Party-led process with extensive expert input designed to get us to a workable framework for assessing both mitigation and finance commitments.

Singapore – ECO agrees with you on the primacy

Market Mania

Carbon markets are in the dumps and policy makers and market participants alike are scrambling to come to their rescue. This weekend, ECO spent two days with delegates to discuss the future of the Clean Development Mechanism (CDM) and what changes to its underlying modalities and procedures are needed to make the CDM fit for the future. The number of delegates that showed up on Sunday at 9 AM showed us that there is hope.

Let's start with the good news. For the first time, human rights impacts of CDM projects and harmful impacts of large power supply projects in the CDM were discussed openly! Now dear delegates, it's time to move into action mode: start by kicking coal out of the CDM, find a way to phase out large scale power projects, improve the stakeholder consultation process, establish a grievance mechanism and move the whole CDM far beyond offsetting!

But ECO is worried that certain Parties that host many CDM projects did not seem to like the pro-