

ECO



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Workstream 2: Have you done your homework yet?

In yesterday's contact group on Workstream 2, Co-Chair Runge-Metzger gave all delegates very specific homework: talk to each other and develop proposals on how to improve the draft decision text until this afternoon.

Delegates, you might not get a grade, but ECO is expecting you to take that assignment very seriously - as seriously as the emissions gap needs to be taken. From now until 2020, greater emissions reductions are needed for us to entertain the "fanciful" idea of limiting warming to below 1.5°C.

ECO wonders: did you do your homework last night? If you haven't yet, ECO will happily help you cheat. Here are a few ideas that you can copy, and we won't tell anyone:

Firstly, **tell the Co-Chair which elements you really liked in his text.** ECO's favourites including continuing the Technical Expert Meetings (TEMs) beyond 2015, until the gap is closed. As a result of the technical work, identify a policy menu, and ask each Party to select from it the policies it intends to implement, with targeted support provided by the financial and technology mechanisms of the Convention. Keep the "placeholder for Lima outcome on long-term climate finance, including any potential roadmap" because

developed countries need to fulfil their promises on finance, to facilitate the potential for even greater mitigation ambition in developing countries.

You could also **suggest a few elements that need to be added in the Co-Chairs' draft.** One example includes providing a clearer structure to the TEMs (and a precise agenda 3 months ahead of the meetings), tasking them explicitly with identifying best practice policies, and existing barriers and needs. Give much clearer guidance to other bodies on how to support Workstream 2, for example ensuring that the GCF's mitigation window prioritises investments in renewables and energy efficiency during the pre-2020 period. Finally, allow for official recognition of international cooperative initiatives, but only those that meet ambition criteria, and are prepared to show how much additional emissions reductions they have triggered.

And, there you have it: your homework is done, at least for today. We all know that the homework is what's easy, though, because the real work starts when you return home, and have to turn these ideas into reality.

Getting the big bucks from Lima to Paris: finance in the INDCs

In the UNFCCC circus, ECO rarely favours one Party and its views over another. But this week, ECO is tempted to make an exception on finance. ECO secretly hopes that the AILAC submission on INDCs has been every negotiators' bed-time reading last night in preparation for this morning's ADP session on finance and the INDCs.

AILAC's submission helpfully suggests that for developed countries, and for countries with comparable levels of responsibility and capability, providing international climate finance (e.g. to support mitigation in other countries) is part of their fair share in the global effort, as much as it is their commitment to cut their own emissions too. Providing climate finance is not charity, nor is there a choice to opt out.

Once this is more widely understood in these halls (and ECO stands ready to help that cause), the next logical step is ensuring that such information on supporting mitigation through finance or means of implementation appears somewhere. That way, it's easier to assess the adequacy and equity of overall contributions. ECO notes the clever system AILAC has come up with: INDCs to include information on policies and measures taken by countries to contribute to a yet-to-be-defined global target for the means of implementation in the 2015 agreement. Going further, ECO would propose, and so does AILAC, to complement it with details on expected forthcoming annual

financial contributions and information on channels and instruments (e.g. multilateral funds) chosen by countries towards the collective target.

It comes as no surprise that developed countries are less inclined to agree to all of this, at least not quite yet. ECO wonders why, because in order to understand if we're all doing enough and if everyone is committing their fair share, we need to know what everyone is doing on mitigation at home, as well as how they're supporting mitigation elsewhere. If the INDCs aren't the right place for it, then ECO wonders where developed countries plan to have that conversation instead. Perhaps developed countries are more excited about setting a collective target, perhaps disaggregated into 3 sub-targets for mitigation, adaptation and loss and damage. ECO insists that these targets be about public finance as a key lesson learnt from the fuzziness of the \$100 billion goal. This could then be backed up with more concrete commitments to contribute to those targets and regular pledging (multi-year pledges were possible during the fast start period, remember?), and processes to assess progress towards meeting those collective goals.

ECO will be listening carefully to what developed countries are going to offer this morning on the matter – and, is prepared to follow up on it later this week.

One small step for a Fund, one giant leap for humankind. We hope.

ECO sat through 4 long days and one very long night in Barbados last week, but it was worth it. The Green Climate Fund Board finally agreed upon arrangements to receive contributions this year, and further prepared the governance system to start disbursing funds next year.

Not all negotiators will know that the issue of whether contributors could include specific “targets” within their contributions was the one issue that kept board members up until 3:30 AM on Saturday. Developing countries firmly rejected this idea, despite the imminent threat that developed country treasuries were sure to contribute less if this extra grip on the GCF’s purse strings was relinquished.

ECO sees hope and feels that this step highlights the GCF as an entity that could herald a new era in international cooperation, where country ownership and direct access to funding replaces the old model of institutions and decisions dominated by developed countries. Developing countries could have an equal say in fund governance.

Some fights have yet to be fought, though, like whether the GCF will fully steer clear of fossil fuels. ECO has learnt that the idea to tie voting to contributions may rise again, but for now, things seem to be moving in the right direction, albeit slowly and unevenly.

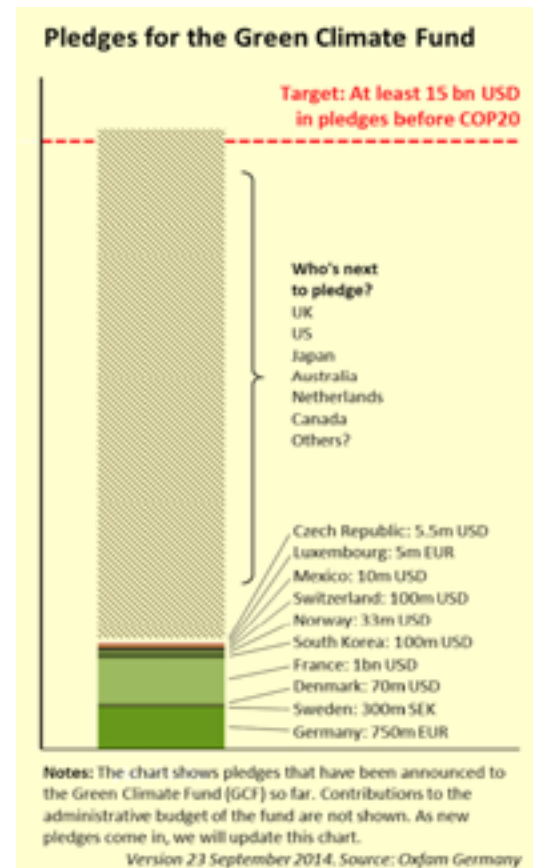
The next milestone is the Pledging Session in Berlin in November. Developing countries are calling for \$15 billion in pledges, which ECO considers to be an adequate sum, though modest compared to the scale of the climate challenge and the benefits of preventing dangerous climate change.

Developed countries, led by Germany and France, have pledged around \$2.3 billion so far. Some smaller and typically more responsible countries are likely to once again make their citizens proud by shouldering more than their fair share. There are still big question marks around the USA, Japan and the UK and whether they will step up to the mark.

ECO notes that Canada and Australia are two worrying question marks too. Whilst they have been conspicuously silent about their responsibility for making substantial contributions, ECO is confident that good sense will prevail. Perhaps it will be triggered by forthcoming serious contributions, even from developing countries - though it is developed countries that have the legal and moral obligation to pledge.

Contributions in the “double digit billions” scale will certainly improve the

prospects of a positive outcome in both Lima and Paris. However, a finance package demonstrating developed countries’ willingness to make progress on the \$100 billion a year promise by 2020, must include robust provisions on climate finance. For the post-2020 agreement, the overall challenge to shift the trillions in public and private finance away from fossil fuels towards renewable energies and solutions compatible with equitable and sustainable development must also be a part.



Filthy finance: Want to be trendy? Join the POPI club! Phase Out, Phase In.

ECO is confident that delegates will remember President Obama’s famous address to the world just last month: “The climate is changing faster than our efforts to address it. The alarm bells keep ringing. Our citizens keep marching. We cannot pretend we do not hear them.”

Despite this appeal to follow the people, industry choose to follow the money. So far, the money—both public and private—has continued to flow overwhelmingly to fossil fuels, entrenching dirty power, locking-in emissions, and inflating the incipient carbon bubble.

Lubricated by a US\$1.9 trillion concoction of subsidies, tax breaks, government incentives and the externalisation of the true costs of dirty energy, the fossil fuel industry spent \$674 billion in 2012 on exploration and development. With the current rate, fossil fuel companies are slated to spend over \$6 trillion in the next decade on further industry developments. ECO can only encourage governments to stand up to the fossil fuel industry’s efforts to protect their profits. Industry spends half a million dollars a day lobbying in Washington and Brussels to prevent, delay or weaken climate regulation. In the US alone, investment in lobbying activities (\$160 million a year) is equivalent to what’s needed for Nepal to adapt to climate change—an amount that remains unfunded.

Governments must stop dancing to the polluter’s tune, and investors must realise that throwing money at fossil fuels is a short-sighted and dangerous game.

Instead, ECO expects governments to adopt the “POPI attitude” in Paris (meaning committing to Phasing Out fossil fuel emissions and Phasing In 100% renewable energy) to ensure sustainable energy access for all as early as possible. Since this must be done no later than 2050; there is no room for hesitation. Rich countries must lead the way and end production subsidies in their countries immediately, freeing up finance for domestic mitigation and adaptation, and funding the GCF.

ECO hopes to see plans for such a shift from the outset with the upcoming INDC submissions. In a similar vein, governments should agree to shift public support from multilateral and national development banks and export credit agencies away from dirty energy and towards renewable energy. Governments must also ensure that fossil fuels are taxed effectively. One option ECO finds intriguing would be a global fossil fuel extraction levy that would not only help reflect the true cost of fossil fuels, but also provide a substantial source of currently untapped finance to support the expansion of renewable energy, adaptation, and financial support for loss and damage.

So, are you ready to join the POPI club?