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G7: The times are changing

There's a lot of G7 analysis out there, but you read it here first: the end of fossil fuels is on the global agenda. To stand a chance of limiting global warming to 1.5°C or 2°C, we need to get off fossil fuels, rapidly and completely. Increasingly, this reality is being understood by governments and investors—and now, the leaders of the world's largest industrialised countries. The just-concluded G7 has put the end of fossil fuels on the global agenda, calling for decarbonisation over the course of this century. But when, exactly? There are those who think

we can wait until the end of the century, but that would drive the world into an unprecedented humanitarian and ecological disaster. Rather, the answer is to speed up the just transition to globally phasing out fossil fuel emissions and phasing-in 100% renewable energy by 2050. A strong long-term goal in the Paris Agreement must reflect this.

Beyond the suggested global decarbonisation goal, the G7 has also agreed to do their share, transforming their own energy sectors by 2050. (And this means only 100% renewable energy, right?) They also plan to support initiatives

promoting renewable energy in developing countries, particularly in Africa.

So ECO congratulates the G7 on their newfound long term ambition. And now onwards to translating that to the mid-term, particularly between 2020 and 2025, with stronger INDCs in line with energy sector transformation by 2050. Because yes, wherever you look -- Canadian tar sands, Japanese coal technology exports, French companies investing in fossil fuels abroad or German lignite emissions -- the times are changing.

Differentiation makes the difference

ECO has been listening—in the hallways, the plenaries, even the cafeterias—for ideas on how to move forward with differentiation.

In Lima, Parties agreed that the way forward would respect the principle of “common but differentiated responsibilities and respective capabilities” (CBDR+RC), as refracted through the lens of “national circumstances”.

It's a start, but far too vague to serve as the basis of the principle-based, dynamic differentiation regime needed to ensure ambition within the new agreement, and for it to be equitable to all. This regime will be bottom up. But take note, INDC minimalists—it can't be *entirely* bottom up. Not if we want it to incentivise both support and action on the necessary scale.

ECO anticipated this moment, and here's our advice. The differentiation regime in the new agreement should be based on the Convention's principles. It will need to operationalise those principles via a set of reference equity indicators that allow us to understand and measure national levels of development.

The facilitated dialogues on various sections here in Bonn need to capture and express the concepts that are floating in the air. The dialogues on mitigation, adaptation, transparency, finance, and legal form need to engage the concrete realities of a world divided between developed and developing, more or less vulnerable, rich and poor. They need to go beyond binary categories to recognise emerging economies and any other relevant categories.

Whilst the facilitated dialogues might not reach exactly the same conclusions, they'll find real convergence if they look for it.

Lima did leave us with a problem: one defined not only by the conundrum of CBDR+RC but also by the problem of “national circumstances.” Isn't it obvious that the circumstances of a country's

development stage—per capita income, for example, or more generally per capita capability—is of utmost importance?

No matter how this Bonn meeting ends, the model of differentiation that is negotiated here—mostly in the elements dialogues—is going to set the framework. ECO hopes that this framework serves the basis for the informal ministerial dialogue that the French presidency intends to convene.

And maybe the end result will be a good one: a shared understanding amongst Parties to pave the way for a cooperative and equitable agreement.

No see! No hear! No say!

Yesterday's Joint Contact Group (JCG) on the 2013-2015 review was like reliving a bad dream. Saudi Arabia used procedural arguments to prevent progress towards the drafting of a COP decision building on the robust climate science contained in the Structured Expert Dialogue (SED). That's backsliding to the dark ages of the 1990, Saudi Arabia!

It was also disappointing to witness China and India siding with the Kingdom rather than standing with countries where acting on the messages of the SED is a matter of survival. All this prevented the JCG from recommending appropriate action on the basis of the key messages highlighted throughout the SED.

As a reminder, those messages are: we are not on track to a “below 2°C path”, 2°C warming would be dangerous, and keeping warming to 1.5°C would avoid many disastrous impacts.

Rather than wasting more negotiating hours with delaying tactics, Parties should consider what their mitigation policies must be if they respond adequately.

Captain Planet, He's Our Hero, Gonna Close the Gap Down To Zero...

Hey Planeteers—our world is in peril! We are facing a terrible emissions gap that ECO has pointed out for years. Without significant emission cuts and increased finance in the next 5 years, keeping warming below 2°C will be a dream, let alone below 1.5°C. Our beloved planet will be exposed to devastating climate impacts. But there is room for hope: 5 country blocs have come up with proposals that can close this gap. The EU and the Umbrella Group brought the powerful elements of fire and air to the negotiations, by expressing “grave concern” about the pre-2020 gap and the need to enhance pre-2020 mitigation ambition. The EIG brought the element of earth to build a solid foundation through “triggering the preparation of project proposals to replicate successful projects presented in TEMs for interested parties” and “establish a more direct communication channel with the entities of the financial mechanism”.

AOSIS reinforced the earth element and proposed to establish an Action Platform as a COP agenda item. This offers a potentially rock-solid future home for this process, particularly if it is rooted in the Paris agreement.

The G77 (and when ECO went to press, this was only by plenary statement, not submission) offered water to break the dam that will unleash the flood of finance needed for more action. Their proposed canal system even offers ways to ferry the promised \$100bn by 2020 forward.

But these elements are not in unison. Fire, air, earth and water are all divided along the traditional fault lines. The G77 douses the fire by only emphasising the need for developed country Parties to revisit, revise and honour their pre-2020 mitigation and finance pledges. Developed country Parties evaporate the waters of hope by focusing only on advancing the technical examination process (TEP).

Captain Planet and ECO know that heart and trust make up the power that must bring these elements together. The planet can be saved if:

- Developed countries light the way with fire by honouring their existing pledges and, go beyond these by removing conditionalities and increasing targets.

- A solid foundation of earth is built into the TEP to make it a truly fertile ground for scalable and replicable international cooperative initiatives, and if this ground remains fertile in a post-2020 world.
- The floods of finance can flow freely and bring life to projects in developing countries that are planted in the TEP process.
- A strong wind of change, coming from a clear mandate for a high level process, blows and launches ambitious and additional new initiatives.

So come on, Parties, and combine your powers!

Has Kyoto become a cherry picking game?

This might be hard to believe, but yes, it's true -- the Kyoto Protocol (KP) rules are still on the agenda.

After 2 years of negotiations battles around the so-called “special terms”, Ukraine forced Parties in Lima to make an exception allowing them to keep their reduction target by 2020. A target that means double growth, and being able to use the assigned amount units (AAUs) from the first commitment period in the second.

ECO thought that this would become a thing of the past, but unfortunately we were wrong. This Bonn session has instead seen Belarus and Kazakhstan prevent the adoption of the KP rules.

With the exception for Ukraine in hand, Belarus and Kazakhstan lined up for theirs too. Both understand that there may be some “privileges” that come with Ukraine's circumstances. But, it's impossible for the same “privileges” to extend to Belarus and Kazakhstan in the second commitment period, given that they didn't even participate in the first.

It shouldn't be this hard. If all Parties followed the example of Ukraine, Belarus and Kazakhstan and demanded benefits for participation in the climate agreement, who would be left to save the climate?

G7: The numbers don't add up

At the conclusion of the G7, leaders of the world's richest countries said they “will continue our efforts to provide and mobilise increased finance, from public and private sources, and to demonstrate that we and others are well on our way to meet the US\$100 billion goal”.

“Continuing efforts to provide and mobilise increased finance” is about maintaining current levels of finance, which the G7 leaders claim are “already flowing at higher levels”. So far so good, no backsliding. But where is the much-needed commitment to further increase finance beyond current levels?

We are nowhere near Chancellor Merkel's commitment to double Germany's climate finance contribution by 2020. Other rich countries should be following suit well ahead of Paris with clear quantified commitments to scale up public finance, especially for adaptation, while avoiding confusing language or accounting tricks. This is key to success in Paris.

Next the G7 claim that we are “well on our way to meet the \$100bn goal” warrants a closer look.

OECD-DAC estimates that public climate finance flows were \$37bn in 2013. There are two reasons why this number is too high.

First, it includes bilateral aid contributions where climate change is not just a “principal” but a “significant” objective. But we all know the truth -- aid projects are being counted as climate finance even when

there's almost no relationship. If ECO just counted projects where climate change is the “principal” objective, then the number in 2013 goes down to \$12.4bn.

Second, the OECD includes multilateral flows that are not even concessional in nature—concessional flows alone adds another \$4.9bn. So the \$37bn estimate is really only \$17.3bn.

Other estimates are similarly overstated—for example, the Standing Committee on Finance estimate of at least \$35bn annually going to climate finance.

If, as suggested here, current flows of public and concessional climate finance range from only \$14-17bn per year, then a gap of over \$80bn per year still has to be closed to meet the annual \$100bn goal by 2020. ECO doubts that many developing countries would consider the delivery of one fifth of the target as being “well on our way”.

G7 leaders did note that they “stand ready to engage proactively in the negotiations of the finance provisions of the Paris outcome”. It would be good if that carried directly to their engagement on finance in Bonn this week. Negotiating provisions on post-2020 finance would be so much easier with a clear commitment from all G7 governments to bridge the \$80bn gap by 2020. It's time they took a leaf out of Chancellor Merkel's book.