

ECO

BACK TO BONN AND BACK TO WORK

eco@climatenetwork.org • www.climatenetwork.org/eco-newsletter • June 6, 2022

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Editorial: Andres Fuentes Production: Verity Martin

Class Reunion

Delegates, it has been three years since we met in Bonn! ECO knows you have been looking forward to a beautiful, picturesque walk by the Rhein and some beer garden visits at what might feel a little like a class reunion.

Yet, ECO is worried: If we want to keep 1.5°C within reach, the world has just about as much time as since your last gathering in Bonn - 3 years! - to return global emissions to below 2020 levels. At the same time, millions of people around the world are already suffering from the impacts of the climate crisis at 1.1°C of global warming. This happens even as all countries promised to strengthen their 2030 targets and agreed to phase-down unabated coal and phase-out fossil fuel subsidies. Yet they keep expanding their dependence on fossil fuels, further worsening climate impacts.

Six months after Glasgow COP26, hardly any country is coming forward with increased targets¹ or new climate finance commitments. COP27 is meant to be the implementation COP. For ECO, this means that ministers MUST fulfill their promises and, frankly, to stop lying. ECO looked for a more diplomatic word but if leaders tell a story of action at COPs and a story of excuses at home we could not come up with one. So at this class reunion it's time for some sobering honesty. The pre-2030 mitigation work program and COP27 must follow-up on the commitments from Glasgow to actually phase-out fossil fuels.

The IPCC AR6 reports provided very sobering insights about how losses and damages will only increase with further fossil

¹ We look forward to seeing a promised new NDC from Australia with new targets before COP27, but hey you guys have a lot of catching up to do

fuel expansion, and how human and natural systems are already reaching adaptation limits as we keep expanding our dependence fossil fuels. As COP27 takes place on the African continent and in the Arab region, both of which are among the most impacted regions, your work at these SBs must center on the needs of those hit hardest by the climate crisis.

Implementation of the Paris Agreement is not possible where human rights are being undermined, communities are unable to adapt, and vulnerable people are left alone to address the overwhelming losses and damages of the climate crisis.

Here in Bonn you can start the ground(breaking) work required to establish a Loss and Damage Finance Facility at COP27. ECO is happy to see the proposal to put the Glasgow Dialogue and Global Goal on Adaptation as mandated events on the actual SB agenda, hopefully leading to meaningful decisions in Sharm el Sheikh.

Rich countries have been in detention already twice for not meeting the US \$100bn goal and must do so this year (but not all seem to take it too seriously; see the article on German climate finance in this issue). ECO hopes you all take the commitment to double adaptation finance more seriously and showcase some concrete progress even this year. COP27 may capture a delivery plan for doubling adaptation finance with time bound tracking to make sure the homework is done. We all know rich countries have not exactly been straight "A" students on climate finance, but a bunch of procrastinating, sluggish folk. So, now it's time to make this Bonn reunion a really productive one, and ECO will stay with you as your private tutor.



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A Message From Stockholm+50: Transform Systems, Phase Out Fossil Fuels, Build a Just Transition

Celebrating 50 years since the first UN conference on the environment, Kenya and Sweden, supported by UNEP, co-hosted last week Stockholm+50 - a UN conference on how to accelerate the 2030 agenda and the SDGs.

The Stockholm+50 key recommendations should guide negotiators in Bonn. Particularly Recommendation 3, which reads: *“Adopt system wide change in the way our current economic system works to contribute to a healthy planet... **phase out of fossil fuels ...and recognizing the need for financial and technical support towards a just transition.**”*

This is a significant step forward on the COP26 outcome, recognizing all fossil fuels and the need to phase-out and not just phase-down the leading cause of the climate crisis. Parties to the UNFCCC must redouble their efforts and ensure the need to phase-out fossil fuels

and phase-up just transition action is included in the decision texts, embedding the conclusions of Stockholm+50 into the UNFCCC process.

In addition, the recommendations include the need to recognize and **implement the right to a clean, healthy and sustainable environment** - shining a light on the importance of rights-based thinking.

Colleagues in Stockholm were acutely aware of the implementation gap. They were clear that we must *“strengthen national implementation of existing commitments for a healthy planet ... including by ... **scaling-up capacity support and development, access to and financing for environmentally sound technologies.**”*

Governments in Stockholm sent a clear message: *“**Align public and private financial flows with... environmental, climate and sustainable***

*development **commitments...repurpose environmentally harmful subsidies... support economic diversification... honouring the commitment to mobilize US\$100 billion every year for climate finance for developing countries**”.* ECO notes that this US\$100 billion was the target until 2020 and is a floor, not a serious reflection of what is needed.

The recommendations call for all of us to **reinforce and reinvigorate the multilateral system including by recognizing intergenerational responsibility** as a cornerstone of sound policy-making - which is a fancy way of saying *‘listen to young people!’*

Young people, inside and outside of CAN, are being extremely clear. We, and they, are **calling for a fossil fuel treaty**. The Stockholm+50 recommendations support this call. Governments could begin to respond to it today. There is nothing more urgent.

The Emissions That Paris Forgot

If someone wanted to paint a picture of the disfunctions and failure of multilateralism in preventing a climatic disaster, they would find a target-rich environment in the global efforts to control emissions for international shipping and aviation.

Contrary to popular misconception, these emissions were not left out of the Paris Agreement. In fact, emissions from international transport are an integral part of Paris climate and emissions goals. So they must be fully included in the Global Stocktake, Article 6, and all other relevant provisions of the Paris Agreement.

What makes international shipping and aviation emissions distinctive is that they occur on trips between countries and often outside national boundaries, and for this reason have not, in most cases, been included in national targets or NDCs.

Such emissions are the focus of processes under other UN bodies - International Civil Aviation Organization (ICAO) for aviation and the International Maritime Organization (IMO) for shipping. But until now, these bodies have failed to align emissions with the Paris goals - especially to their fair share of global efforts to limit warming to 1.5°C.

Rather than setting an example for other sectors and putting in place measures to reduce emissions by 50% by 2030 and achieve full decarbonization before mid-century, ICAO and the IMO have produced disappointing results. They have implemented measures that will allow absolute emissions to grow beyond 2030, and in the case of shipping, reduce by only 50% by 2050.

To add insult to injury, since 2018, the SBSTA discussions on bunker fuels hasn't even been able to approve their standard stock language welcoming the IMO and ICAO reports. Instead the sessions failed to agree on any outcome. The result was Rule 16 - an admission of failure. It is, to say the least, ironic that those countries that blocked the outcome recognizing the dialogue between the UN Bodies are the same ones that wax poetic in IMO and ICAO about the need to import the UNFCCC principle of common but differentiated responsibility.

This coming week will be a test of multilateralism for these emissions, which together total around 5% of global emissions - well above those of Germany.

The IMO's Marine Environment Protection Committee meets this week, overlapping with our SBs here in Bonn. It will formally kick off consideration of regulatory and carbon pricing measures for the mid- and long-term. At the same time, it will start considering the revision of its initial GHG Strategy adopted in 2018, with the woefully inadequate 50% reduction target for 2050 and correspondingly weak 2030 targets.

If Parties want to show that they are taking these emissions seriously, they must adopt a substantive outcome on the SBSTA item on bunker fuels here in Bonn, and signal that they expect ICAO and IMO to adopt measures aligned with the 1.5°C warming limit. The IMO must approve a process for consideration of rigorous regulatory measures like a fuel standard and also move towards carbon pricing at the level of well above US \$100 per tonne to be agreed and implemented by the middle of this decade.

Transforming to Adapt

'Transformation refers to a change in the fundamental attributes of natural and human systems' (Source: IPCC AR6)

Everybody agrees that to deal with and respond to the climate crisis, there needs to be transformation in the systems that have led us to where we are now.

And that includes the UNFCCC. Twenty-eight years of business as usual has not gotten us very far. The world faces warming of 2.4°C at the present trajectory. Addressing Loss & Damage has hardly got to the starting line and funding isn't anywhere to be seen. Only now, after the strong intervention of the countries most affected, are we beginning to talk about a Global Goal for Adaptation.

But talk so far has produced little. To be serious about increasing resilience, building capacity and reducing vulnerability we must step away from the careful plodding language of diplomacy and start talking action.

There are some good signs. COP26 set off the work programme for the Global Goal on Adaptation. At this week's SBs the first workshop will be held. The time for a Global Stocktake is at hand and roundtables for that are also being held this week. That's good. But there are no solid rules for workshops and roundtables. This week we can make the rules and they should be that each participant is free to speak out and be heard in whatever language they think suits their case.

We might hope that countries can be told that they do not have the answers. The intricacy and diversity of risk and adaptation action means that countries should facilitate plans stemming from the most local knowledge. We might hope that climate vulnerability and capacity analysis is routinely conducted alongside the people affected so the risk is understood, and their needs can be properly addressed. We might hope that the UNFCCC can contribute to the work of others – at national but more importantly at sub-national level – for people to anticipate, absorb and adapt to what they are facing, and create the transformation that will make sure vulnerabilities are eliminated and their resilience will be strong and lasting.

Transformation must include eliminating the barriers across the UNs good intentions. The Paris Agreement, Sendai Framework and the Sustainable Development Goals are the same struggle. Adaptation involves them all and we need to be considering them together. The International Court of Justice must become involved so that obligations under the UNFCCC, human rights law, environmental agreement are clearly understood.

But first we have to look to ourselves. At these intersessionals, are we transforming our thinking, our methods and our urgency so that we are genuinely facing up to this existential threat?

Is Germany Dodging Its Climate Finance Commitments?

For the Paris Agreement's implementation, mutual trust is a key ingredient. This holds true also with regard to commitments made by developed countries to provide climate finance to developing countries.

Now, ECO remembers well, that time last year when developed countries finally acknowledged that they had not kept their promise to ramp up climate finance to \$100bn a year by 2020. A string of new pledges was to save the day for COP26, although developed countries estimated that, with those new pledges, they would reach the \$100bn level three years late - in 2023.

Or will they? Among the pledges was Germany's promise to increase climate finance budget allocations to six billion Euros a year by 2025 at the latest. Yet, federal budget negotiations for 2022 that just concluded, provide

for almost no increases over 2021 planned levels of slightly above four billion Euros, and internal drafts for the 2023 budget would, as of now, even lead to a slight decrease. So, rather than gradually increasing climate finance towards the promised level for 2025, Germany, for now, looks at stagnating climate finance levels.

To be sure, ECO would perhaps not pick on Germany, one of the larger climate finance providers, if it were not for the SB56 taking place in Germany, and, more importantly, for Germany holding this year's G7 presidency, putting the country under special scrutiny. Yet, for now, on climate finance, the government isn't exactly contributing to maintaining the carefully crafted trust base between developing and developed countries. ECO would advise Germany to ensure that the 2023 budget caters for a

sizeable increase in climate finance, adaptation finance in particular, to the tune of hundreds of millions of Euros over current levels. And, in a second step, even ramp up the six-billion-promise itself, by announcing, perhaps at the Petersberg Climate Dialogue, a new target of at least 8 billion Euros a year by 2025 as a much more adequate target for a wealthy country like Germany.

Alas, for those hoping this cup would pass from them: ECO is quite aware that other developed countries do not necessarily perform better. Several countries' climate finance 'pledges' from last year (e.g. Australia, France, and Japan) were not even increases over past levels. ECO is also alarmed by what seems to (not) be in the pipeline for climate finance from the US - rest assured, ECO will pick on these countries another time

Groundhog Day: The Glasgow Dialogue Must Not Repeat the Suva Expert Dialogue!

Under the climate agreements, if you want to access climate finance to install solar panels to mitigate your greenhouse gas emissions, you can access the climate facility to purchase the panels. If your house is threatened by increased flood risk, you can access climate finance to raise your house to adapt, again paid for by the climate facility. But if your house is devastated by a massive flood, you lose your house and your belongings. You suffer huge Loss and Damage and you are on your own. You cannot access climate finance to help you rebuild.

The science is conclusive. The recent impacts report from the IPCC shows extreme climatic events have been observed in all regions. Populations with considerable development constraints, who have the highest vulnerability, and who have contributed the least to climate change, are disproportionately suffering these impacts. Simply put, those least responsible for the climate emergency are paying the highest price.

If we don't act now, then we already know that the costs will add up. NOW is the time for increased global solidarity. NOW is the time for courage to stand up for the greater good. Lessons learned from the global pandemic demonstrate that money at scale can be mobilized when the political will exists. If we delay action, then litigation will replace collaborative efforts. The delay in climate action coupled with the evolution of legal mechanisms and attribution science, has seen climate change litigation more than double since 2015. Inaction will also affect

the global economy and erode development gains. Climate losses and damages in one region will have carryover effects to others. As a country experiences disruptions, business activities will be impacted with the risk of stranded assets, and reduced economic output that may take years to recover. The global and regional customers, suppliers, and trading partners of disrupted businesses will also be impacted with spill-over effects causing shocks throughout the global economy.

Inaction on this issue will further erode trust. After COP26, trust in the process was already fragile, a world plagued by vaccine inequity and growing concerns in regards to indebtedness. A critical and consistent ask of the developing countries is to deliver the long awaited and largely symbolic USD\$100 billion in climate finance. Although developed countries pledged to deliver this annually starting in 2020, sadly this has still not been achieved. Finally, failure to act will delay mitigation and adaptation actions in the developing world. As climate disasters increase, then for developing countries they will direct their scarce resources to humanitarian recovery efforts, meaning attention that needs to go to climate action will be diverted.

At COP26, the G77 & China negotiating bloc proposed a solution to the gap in finance available to address their needs in the form of a Loss & Damage Finance Facility (LDFF) which will be able "to provide new financial support under Article 9 of the Paris Agreement, in addition to adaptation and mitigation finance,

to developing countries to address loss and damage". But agreement could not be secured for the LDFF's establishment, not even for a process to do so. In Glasgow, developed countries rejected this request, saying that they were unable to agree to this. They came to the negotiations unprepared and unable to respond. This request has been central to the loss and damage negotiations since Article 8 was enshrined in the Paris Agreement in 2015.

We hope that here in Bonn, they have come better prepared, that they have new and additional finance to contribute to respond to this escalating climate emergency. The Glasgow Dialogue takes place over three days, starting tomorrow, continuing on Wednesday, and culminating on Saturday. This process must not replicate another talk shop. We must not spend more time talking about what we already know. We need to focus on finance to respond to the needs of people impacted by the climate crisis. We need a loss and damage finance facility and we need it NOW.

We hope that the outcomes of the Glasgow Dialogue are consistent and coherent with the progress made in strengthening the UNFCCC and its Paris Agreement's institutional arrangements. This means that Parties must exercise political oversight of the progress and process of the Glasgow Dialogue, in relation to creating a Loss and Damage Finance Facility through the development of recommendations by the SBI for draft decisions relating to the progress and process of the Glasgow Dialogue for the consideration of the COP and CMA at COP27/CMA4.