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The Journey to Success

Dear Ministers, it's ECO again. We welcome your early arrival and commitment to a global agreement on climate change!

Your delegations have been working hard. In front of you are choices that have been clearly laid out by delegates with the assistance of your capable LCA Chair and facilitators. We trust that you bring flexibility and a strong desire to agree options that are sufficiently ambitious to ensure a successful outcome this week.

Which raises the question, what does success at Cancun look like? First and foremost, COP 16 must provide substance and direction toward a fair, ambitious and binding deal at Durban in 2011. Trust and commitment in the UNFCCC process will be reinvigorated if Parties act together and the public sees this process producing what the world expects – a legally binding deal in Durban.

The result in Cancun must be completely

clear that a second commitment period of the Kyoto Protocol will be finalised and agreed at Durban along with a legally binding outcome in the LCA track.

To be sure, the emission reduction pledges presently on the table are insufficient to prevent dangerous climate change. Cancun should acknowledge the gap of 5 to 9 gigatonnes that the UNEP has spotlighted, and establish a process to strengthen the pledges by Durban.

Recall also, the Bali Action Plan acknowledged the target range of 25-40% reductions by 2020 for developed countries. But the science has moved since then, and we now know that even more mitigation is needed. Your citizens will not accept a Durban deal that locks in the current low levels of mitigation and the disastrous climate change that would ensue.

Clearly there are other elements of success needed here. Adaptation, technology, capac-

ity building, surplus AAUs, REDD+ and more – all must make significant steps forward. There is no excuse for these issues to be held hostage to narrow political agendas and miscalculated national interest.

Instead, it is in every nation's interest to agree an ambitious climate deal. Serious action will not only save the vulnerable countries, but provide economic, social and environmental benefits for us all.

Establishing a fair climate fund, with sufficient content in the text for it to be realised, is the minimum level of expectation from you in regard to climate finance. The negotiations also need a clear indication that the required scale of finance will be forthcoming, from guaranteed public sources such as the innovative sources of climate finance identified in the Advisory Group on Finance (AGF) report.

Ministers: your task here is not simple and it is not easy. All the same, it is essential. It is essential to restore faith in this process, to restore credibility to your governments, and to secure a real future of all of us.

Clear & Shared Vision

Delegates, maybe it's time to make an appointment with the eye doctor. Your shared vision has gotten alarmingly cloudy. Science now tells us that temperature increase above 1.5° C will result in substantial environmental and socioeconomic consequences. Yet, turning a blind eye to recent research, the new LCA text drops any reference to the 1.5° C target, omits mention of specific atmospheric concentrations, and makes no mention of the 2015 peak year to achieve these goals.

On the surface, the negotiations here are between nations. But the real negotiation is

between human society on the one hand and physics and chemistry on the other.

Physics and chemistry have laid their cards on the table. An atmosphere with more than 350 parts per million of CO₂ and a temperature rise above 1.5° C are incompatible with the survival of many nations at these talks. Indeed, over 100 countries have recognized this scientific bottom line and adopted these targets.

ECO reminds delegates that a deal must be struck with the climate itself, and the climate is unlikely to haggle. It is up to Parties to figure out how to meet the climate's bottom line. Acknowledging 1.5° C, 350 ppm, and a 2015 peak year in the shared vision is a critical first

step towards achieving that goal.

Because the window of time to limit long-term temperature rise to 1.5° C is rapidly closing, delaying completion of a review of that target until 2015, as proposed under the current LCA text, would allow little more than regret for action not taken when there was still a chance of avoiding climate catastrophe.

So delegates, get your vision checked. Set forth a shared vision of limiting temperature rise to 1.5° C and atmospheric concentrations of carbon dioxide to 350 ppm. With clear sight you can lay the groundwork for the additional measures necessary to meet these critical objectives.

Taking Bold Steps on Mitigation

The phrases 'legal form' and 'anchoring of pledges' are on everyone's lips in the corridors and sidewalks of the Moon Palace. While these are indeed crucial issues, like many of the Parties who spoke at Saturday's stocktaking plenaries, ECO wants to see serious work this week on mitigation content for both the KP and LCA.

Looking first at the KP, if Parties are not able to fully agree a second commitment period here in Cancun, there must be at least a clear deadline and process to ensure that this will happen in Durban. Further agreement on some of the thorny details of the KP like the rules on LULUCF and surplus AAUs are also keenly awaited.

As regards the individual and aggregate Annex I targets for the second commitment period, there has been a lot of talk about how and where they will be recorded. But what about the minor matter of what the numbers actually are, and whether they bear any relation to science?

The new text has put the need for developed country targets to add up to at least 25-40% below 1990 levels by 2020 in brackets. The KP negotiating mandate towards Durban must include an explicit requirement that both aggregate and individual country pledges be clarified and assessed against this 25-40% figure, and their level of ambition increased accordingly in the final KP second commitment period agreement.

And don't forget, there are two tracks in these negotiations. For the sake of balance the non-KP Annex I Parties (primarily, of course, the US) must take on comparable commitments to the KP Annex I Parties.

The Chair's text provides some workable openings for this, though it needs significant enhancement. Several options are given for the listing of pledges, but ECO's most serious concern is that wherever they end up, there must be a clear acknowledgement in the relevant COP decision that they fall far short of what science requires – creating the Gigatonne Gap that was highlighted in the UNEP Emissions Gap Report.

Unlike the KP, the LCA text does not so far include an explicit reference to the quantity of emissions reductions entailed by the goal of keeping global temperature increase well below 2° C, let alone 1.5°. That should be an immediate priority.

Acknowledgment of the inadequacy of the current pledges should be accompanied by a

clear process to elaborate and facilitate the measures that will help to close the gap. The Chair's text neatly includes a cross-reference to the KP, and if the KP Parties' pledges are strengthened as set out above, they will contribute appropriately to the overall goal.

This leaves the pledges of developing countries and of the US. There should be agreement in Cancun on a mandate for next year's negotiations under which the US will take on its fair and comparable share, and developing country pledges for nationally appropriate mitigation actions will be clarified and adequately supported.

ECO was very pleased to see that low emission development strategies are mentioned in the Chair's text. Such long-term strategic plans are needed to ensure the global goal is actually met, although there is room for elaborating the scope and nature of the strategies for developed countries. Agreement to all this would be a very positive signal of the seriousness of intent by developed countries.

Climate change demands that we keep a constant eye on what science is telling us and on the adequacy of our agreed actions. The review set out in Chapter V of the Chair's text provides a channel for this. The re-inclusion of the 1.5° C global goal is welcome, although the proposed completion of this work only in 2015 is alarming. We know that emissions must already peak by then. In addition, it is not clear how the results of the review would be operationalised into the updating of both the aggregate and individual country targets, another point to be addressed before we leave Mexico.

There is a lot of work to do this week, but Parties noted on Saturday their desire to see this centrepiece of the negotiations addressed. Now is the time to stand and deliver.

Health and Climate

Economies are stressed and lending rates are high. Here at COP 16 it is the negotiators who are stressed and their blood pressures run high as they struggle to close the gaping wound that is the Gigatonne Gap. But fortunately, there are doctors in the house, and their climate checkup tells us about the benefits of addressing our emissions addictions.

We would all agree that exercise is beneficial to health. The changes in transport policy and the decrease in sedentism required to meet our GHG emissions targets can save lives, says leading medical journal *The Lancet*.

Keep the CDM Clean

The lack of attention to the environmental integrity of the CDM is a stain on the reputation of international efforts. In December 2009, the CDM Executive Board registered its first coal-fired power project, setting off two reactions: a firestorm of criticism from around the world and a wave of opportunistic applications from other coal projects.

Rather than heed the well-founded alarm of civil society, the EB approved a second 1,100 MW Tirora supercritical coal project under a faulty methodology. With well-documented concerns about the additionality of supercritical coal, and no avenue for addressing the oversight, this sends a sharply negative message about the integrity of the CDM,

As for the CDM coal rush, it is a wonder to behold. Some 20-odd coal based projects – including the 4,000 MW Sasan Ultra Mega Power Project (UMPP) capable of earning almost 4 million carbon credits per year while emitting over 20 million tonnes of CO₂ – now sit in the CDM pipeline. The attempt to rebrand supercritical coal technology as an additional 'clean' energy option seems almost Orwellian. In the case of Sasan, the Indian government has mandated the use of supercritical technology in its Ultra Mega Power Project (UMPP) program, clearly undercutting the additionality claim.

Supercritical coal is a non-additional baseline technology for many rapidly industrializing countries and should not qualify for eligibility under the CDM. This is a climate scandal: carbon credits for a non-additional coal power plant deprive the world of much needed emission reductions, contribute little to sustainable development and lock in fossil fuel infrastructure for decades to come. The EB must remove the stain coal is placing on our efforts here in Cancun.

For example, heart artery disease can fall by 20%, breast cancer by 12% and even dementia by 8%. And rates of respiratory disease (such as asthma) fall as pollution levels decline -- a benefit also seen where clean cooking technologies replace primitive stoves in developing regions. Rates of heart illness fall, as do those of osteoporosis (bone thinning), diabetes, obesity and depression. Appropriate trimming of animal meat and fat consumption also reduces heart disease rates by 15%, and would reduce rates of bowel

– *Health, continued on page 4*

Memo to Ministers: Close the LULUCF Loophole!

Ministers, would you like a glowing ECO article with your name on it?

As you delve into the unresolved issues with the KP, the first thing you need to know is that the main proposal for LULUCF doesn't ensure a robust, environmentally sound approach to forest management accounting. While sorting this out may seem daunting when you are presented with the complex draft text, we can help make your mission very clear: close the Logging Loopholes! And if you do, ECO will put your decision in lights and say your country did something really great to truly reduce emissions.

To get a sense of the problem, consider that the proposed reference levels for forest management, tucked away in an innocuous looking annex, would allow an increase in annual emissions of 451 Mt relative to the historical average (1990-2008). That's a lot of tonnes!

Surely a half-gigatonne divergence from recent trends is a red flag. The Copenhagen pledges are for emissions decreases, and yet the LULUCF reference levels go up. Up versus down, hmmm. That means Annex I Parties now assume their own logging increases

while asking other countries to reduce their emissions from deforestation. The forest sector should not be excluded, so how about actually building ambition right into the LULUCF rules.

So one huge step is to close the loophole of the projected reference level approach, which will only make climate change worse.

And there are lots of ideas floating around the Moon Palace on how to do this. Some of them already appear as options in the draft text: use a historical baseline (Tuvalu); combine historical and projected baselines (Africa Group); fix the rules and policy cut-off dates for reference level setting; revert to the current rules for the first commitment period. Most of these options can be judged against their ability to shrink the loophole.

ECO stresses that LULUCF accounting must be mandatory, and not only for forest management, but for all sectors (to the extent it's technically feasible). For example, emissions from draining and rewetting wetlands are considerable, and they should be counted.

But it's also important that mandatory accounting not come at the price of deeply

flawed rules. The objective of this process wasn't just to produce new LULUCF rules, but rather to produce better ones.

Another large loophole in the draft LULUCF text is the provision to allow Annex I Parties to exclude from the accounting books emissions from wildfires, infestations, extreme weather events, and the like. This is known as *force majeure*, a legal term that means these emissions 'could not have reasonably been foreseen by the Party'. Some Parties are trying to exploit this provision to exclude all emissions from natural disturbances, a recipe for diminished accountability and lost mitigation potential.

Normal variations in natural disturbances and even increasing trends as a result of climate change can both be reasonably foreseen. This means the *force majeure* text must involve a threshold below which emissions are not excluded.

Ministers, we're facing a daunting gap between emissions reductions on the table and what science says is needed to avoid the worst impacts of climate change. It's time to get serious and tackle emission reductions wherever we can. Start by closing the logging loopholes, and headlines galore will follow.

Responsible Approaches to Finance at Scale

We are starting the crucial final week. Ministers are being briefed, crucial new texts are being minutely analyzed and insect bites are spreading. With so many difficult, complex and itchy matters competing for attention, it might be easy to overlook one fact. We have only two years to get climate finance flowing at scale before fast start finance expires in 2013. But there's good news: a variety of innovative sources of climate finance are right at our fingertips.

This week, Parties should create a robust process to discuss sources of long-term finance, with a clear work plan and outcomes that can deliver concrete decisions by COP 17. These steps will address where the financing will come from, and acknowledge that meeting mitigation and adaptation objectives means scaling up finance substantially over the long term.

The new LCA text usefully calls for a look at needs and options for mobilizing long term finance. But in the absence of a work plan and outputs, negotiators will face another year of wrangling over how to move forward.

Sources of financing is a political issue, not a technical one, and it must be discussed

in the LCA, not pushed off into the SBI or a body focused on designing a new fund.

The issue was held in abeyance this past year while the UN Secretary General's Advisory Group on Climate Finance (AGF) did its work. The AGF has now released the findings of 9 months of study. While ECO was disappointed that private finance and carbon markets are spotlighted, and multilateral development banks are inappropriately considered sources instead of channels of finance, this constitutes an impressive body of work including workstream papers that can serve as a useful starting point for the coming focus on ways to mobilize public finance.

One source is government budgets from developed countries. This will continue to be an important source of international climate finance, and a scale for assessed contributions will be an important output of the process.

But to scale up public finance to the necessary scale, rising rapidly from fast-start levels, other innovative sources will be required. Mechanisms to address emissions from international shipping and aviation fit that bill.

The AGF has endorsed a mechanism to solve the equity question under the principle

of common but differentiated responsibilities raised about this mechanism. The AGF proposal involves using a rebate to ensure that developing countries are not subject to any net incidence or burden from global measures to address emissions in these sectors.

In the shipping sector this rebate would be based on the share of global imports attributed to each country. Other options are discussed for the aviation sector. Developing countries will be entitled to the rebate, while the share of revenue attributed to developed countries would be administered under the UNFCCC and be used for adaptation and mitigation actions in developing countries.

Text introduced by Chile should supplement the Chair's LCA text on aviation and maritime transport. However, a process for committing to public finance options must go beyond the AGF report to include new submissions, workshops and a clear workplan to get to decisions by South Africa on specific sources.

If we can break the longstanding deadlock in addressing emissions in this crucial and grow, negotiators and Ministers can claim an important success here in Cancun. And all those mosquito bites can be a badge of honor.

Time to Make It Happen: a Fair Climate Fund

Over 200 civil society organisations today launch a call for a fair climate fund to be established this week in Cancun.

As ministers arrive to face the vital political challenges around the continuation of the Kyoto Protocol, sufficient political time and energy must be spared to ensure substantive outcomes on issues that really matter to those suffering from climate change's savage impacts.

As the Civil Society Call makes clear, poor people are losing out twice. They are being hardest hit by a crisis they did least to cause, but they are not being served by climate-related funds that should be helping them.

Most existing funds have benefited just a handful of developing countries, privileging mitigation over adaptation, and offering little scope for the meaningful participation of affected communities, especially women.

There is an urgent need to establish a new fair global climate fund to help developing countries build resilience to the impacts of climate change, protect their forests, and adopt low-carbon development pathways. Public finance is vital to meet these needs, while carbon markets are proving inadequate or inappropriate. To be truly equitable and effective, the new fund must mark a clear shift in the management of global flows of climate finance that delivers for poor people.

Ministers arriving this week must do more than just start a process to establish a new fund – they must take political decisions on the nature of that fund. At a minimum, they must ensure a fund which is:

- * Established and designed under the UNFCCC.

- * Gives equitable representation to developing countries,

- * Ensures consideration is given to gender balance in its makeup and civil society and affected communities have a strong voice.

- * Guarantees at least 50% of the resources of the fund are channelled to adaptation.

- * Allows direct access to funds by developing countries.

- * Ensures that vulnerable communities, especially women and indigenous communities, participate fully in decisions on uses and monitoring of finance at national level.

The establishment of a fair global climate fund is long overdue. Ministers, don't waste this opportunity to chart mark a new course for global finance governance that puts poor people at its heart.

¡Latinoamérica necesita una voz! Latin America needs a voice!

Se suponía que la COP16 le correspondía a Latinoamérica, y que esto traería una oportunidad para generar no solo un diálogo en relación al tema de cambio climático, sino también para que nuestros países insertaran dentro de sus discursos y en las políticas nacionales el tema como una prioridad.

Sin embargo, al pasar de los días ECO no ha escuchado a una región con una visión integral, ni con una participación activa, y menos aún con un liderazgo que les permita salir de la COP fortalecidos ante el escenario poco deseable que se presenta.

Grupos diversos se han conformado en un continente que tiene características y problemáticas similares, pero cuyas diferencias han sido más fuertes llevándolos a la separación, dejando el camino a que bloques siempre fuertes se apoderen del escenario.

Latinoamérica, eso no puede seguir pasando! Hay ante ustedes una amenaza, pero también una oportunidad. Los países latinoamericanos no están mostrando el liderazgo, ni la congruencia necesarias, sobre todo si consideramos la vulnerabilidad de la región a los impactos del cambio climático.

La COP 16 es la oportunidad para que Latinoamérica levante una sola voz y que su ¡ECO! traspase estas lentas e inseguras negociaciones internacionales.

COP16 was supposed to have a particular focus on Latin America, and that could offer an opportunity to generate not only an internal dialogue related to climate change but also room for their countries to insert the topic as a priority into their discourse and into their national policies.

Nevertheless day after day ECO had a hard time hearing the Latin American region sharing either a whole integral vision or a truly active participation. Latin American leadership has also failed to face up to the challenges of the current climate scenario.

Diverse groupings have formed in a continent with similar features and problems. But remaining differences have divided efforts and left the path open to stronger groups to block progress.

Latin America: that way must not be continued! You are facing a threat but also an opportunity. Latin American countries are not showing either the leadership or the needed consistency.

The Latin American region is particularly vulnerable to climate change impacts. COP 16 is the opportunity for Latin America to express itself in a single voice, projected strongly beyond these slow, rough international negotiations.

– Health, continued from page 2

cancer. *The Lancet* showed that such gains applied worldwide, including the UK, India, and China.

With a healthier, more productive workforce, output will improve and healthcare costs will fall. These data should encourage the EU, for one, to stretch for more ambition, and aim for at least a 30% reduction in greenhouse gas emissions by 2020. Upping the target from 20% will save an additional 30 billion Euros each year in healthcare costs -- nearly two-thirds of the annual 46 billion Euro cost of such a change estimated by the European Commission. Put another way, as much as two-thirds of mitigation costs might be offset by healthcare savings.

And here's an example closer to our temporary home here in Cancun. Even a 10% fall in small particle pollution in Mexico City would save US \$760 million a year.

On Thursday, a meeting in the US Pavilion

emphasised the dire human health impact of climate change. Human suffering is the loose change paying the price of climate change. Ambitious mitigation targets can prevent that, and save lives and money as well. Let's take the prescription, show ambition, and heal that Gigatonne Gap. And make nations healthier, happier and richer while we are at it.

Monday 6 December will be "Health Day" in Cancun. Watch for a statement for delegates supported by leading global medical and health groups.

Fossil of the Day

#1 - Canada

For cognitive dissonance: won't take a second commitment period but somehow claims, 'no one is trying to kill Kyoto'.