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Guideposts for these Days of Decision

Ministers, it's ECO again. May we have a few moments with you? Yes, you guessed it – right here in your hands is our clean and manageable list of key decisions for the remainder of the week.

We've heard that you feel there are too many choices and papering over the differences in the negotiations might be the best achievable for the moment. But remember, that trick only works once.

A high level political statement by itself will not cut it. We need a real agreement in Cancun, not a repeat of Copenhagen's climate shame. No magic moment is going to arrive when the hard choices become easy. But the path to achievement is just steps away.

ECO is wondering what is going on in the **Shared Vision** negotiations. We heard whispers of much needed improvements, such as the recognition of the need to reduce atmospheric concentrations of CO₂ to no more than 350 ppm and limit global temperature rise to 1.5° C, as well as the acknowledgement of historical responsibility and the link between human rights and climate change related actions.

All these elements must be included for a clear and robust shared vision that reflects our collective intention to ensure a liveable planet for us and for future generations.

But Ministers, ECO is going blue in the face! How many more times do we have to say 'Gigatonne Gap' before it

finally sinks in? As UNEP affirmed in its authoritative report, there is a significant gap between the emissions pledges set forth in Copenhagen and the reductions the planet actually needs by 2020 to limit warming to 2° C, much less the 1.5° needed to avoid severe and even catastrophic impacts.

Yet the latest version of the **Mitigation** text contains no acknowledgement of the Gigatonne Gap, nor does it set forth a timely process to close it. A legitimate outcome in Cancun must explicitly provide the pathway to increased ambition.

ECO also calls on parties to anchor the pledges currently on the table so that commitments and actions can be strengthened over the next year before inscribing them in legally binding form in South Africa.

ECO is pleased that the **MRV** text has evolved in the past week from an empty 36-word shell to a real basis for negotiation.

But there's a long way to go. The tables have turned here in Cancun and we're finally hearing more about the need for enhanced MRV provisions for Annex I countries, including common accounting rules, as well as MRV of finance using a common reporting format.

This is only right – the United States and other developed countries have been calling for increased transparency for developing countries but have been shy about improving their own.

Establishing a **Technology** Mechanism and creating an operational Technology Executive Committee (TEC) is well within the remit here.

Unfortunately, the USA has been blocking progress on the TEC and CTCN discussions and negotiators are planning to kick many elements into the long grass, such as reporting lines and the link to the financial mechanism. This would be dangerous as it would leave too many issues to be dealt with during 2011.

The draft text is virtually content free when it comes to creating an operational framework for new, radically scaled-up, focused and integrated **Capacity Building**.

The stocktaking needs to clarify whether developed countries intend to take capacity building seriously (that is, on par with finance and technology), or whether they are happy enough just to leave it behind as crumbs in the corner.

On **International Transport**, the COP must guide ICAO and IMO in taking effective action to reduce emissions quickly, create a framework for these sectors to fairly contribute funds to mitigation and adaptation in developing countries, and ensure no net incidence of impacts on developing countries.

On **Adaptation**, a Cancun decision must launch the committee to oversee technical and coordinating provisions for

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adaptation under the Convention. Further, response measures does not have a place under the adaptation agenda. The resources available for adaptation should not be use as compensation for the loss on oil revenue as a result of mitigation action.

By the end the week decisions on **Financing** must be taken to establish a climate fund under the guidance and authority of the COP, along with a process to clarify the scale of this fund and guarantee sufficient resources for adaptation, along with the mechanisms and instruments to generate the required revenue flows.

We have heard that some developed countries are raising doubts about their ability to contribute to a fund under the UNFCCC due to constitutional or other legal impediments. These are simply tactical maneuvers to delay a decision, using the fund as a bargaining chip to get concessions from developing countries on other issues such as international consultations and analysis.

Negotiations on the **Flexible Mechanisms** are (unsurprisingly) facing difficulty, including even which text should be used.

However, at least two things should be done. First, the loopholes in existing mechanisms must be closed now. A



Thousands of demonstrators rallied in Cancún on Tuesday for a fair deal against climate change.

Photo credit: Oxfam

primary example is surplus AAUs. Second, relevant principles should be set for further negotiations in LCA. If any new mechanisms are to be discussed going forward, they must go beyond offsetting. And they have to close the Gigaton gap, not widen it. Other important principles should also be set such as preventing double counting, supplementarity and contribution to sustainable development.

A very disturbing development is that the option for keeping CCS out of the Clean Development Mechanism has vanished from the draft text being forwarded to the CMP. At the very least, SBSTA must address the creation of perverse incentives for increased dependence on

fossil fuels.

On land and forests, the message is simple but let's say it again: Close the loopholes!

With respect to legal form, ECO calls on Parties to establish open and transparent processes to discuss their proposals, both now and after Cancun. Likewise, just as the Berlin Mandate provided clarity on legal form to the negotiating process that resulted in the Kyoto Protocol, Parties should agree mandates at Cancun to confirm the second commitment period of the Kyoto Protocol as well as a legally binding outcome in the LCA and set them up for adoption at COP 17 in South Africa.

'Just Transition' – Making a New World Possible

What do negotiators do when something is agreed? They leave it out of the text!

It might seem weird but it just keeps happening in the shared vision discussion.

Calling for a low emission economy which ensures a just transition and the creation of good quality, decent jobs was long ago agreed as part of the text also referring to gender, indigenous peoples' rights and other important elements of an overarching climate effort.

Yet this essential reference has mysteriously vanished from the new shared vision text. And this despite support from Argentina to the United States and all other parts of the alphabet as well.

What is going on? The reference to 'just transition' is aimed at gaining the support of the world's workers for these negotiations.

This international process must inspire people, give hope on our capacity to improve peoples' life and and show that another world is possible.

The negotiations rightly focus on 'how far' we have to go on emissions reductions, financing, technology and capacity building.

'Just transition' sets forth the equitable pathway for 'how' to get there. The world needs a sustainable climate and economy, and that requires a bridge to a future with good, decent jobs.

Balanced Funding for Adaptation

ECO is concerned that the small adaptation finance cake that is currently on offer leaves developing countries fighting over crumbs. Consider, however, that the best strategy against starvation is to increase the food supply.

Countries regarding themselves particularly vulnerable should be clear and firm: adaptation finance must not be a small proportion of total flows compared to mitigation.

At least 50% of the new climate fund's resources should be reserved for adaptation. ECO remains optimistic that Parties will agree to establish the fund here and clarify the sources to feed it.

Brazil in Reverse

Brazil seems to be its own worst enemy. Not only did President Lula publicly state last week that the negotiations in Cancun won't go anywhere, the Brazilian legislature is on the verge of delivering a fatal blow to real hope for future emissions reductions. Brazil's remarkable recent accomplishments could well be stopped cold.

The annual emissions of CO₂eq in Brazil in all economic sectors is on the order of 2 Gt. In 2010, Brazil announced another record for emissions reduction, to applause from ECO and the world. Brazil's deforestation rate fell to another record low, with Amazon deforestation down from over 27,000 km² in 2004 to below 6,500 km² this year.

And yet the Brazilian House of Representatives is ready to approve a new forest code that will be the most shameful endorsement of anthropogenic global warming in recent history. And it seems that some 370 of the 513 Representatives are ready to approve this leap backwards.

The bill provides amnesty to illegal deforestation and degradation, it reduces the preservation area along rivers, and eliminates the need for legal reserves for rural properties of a certain size and a discount for larger properties.

When Brazil associated itself with the Copenhagen Accord, its commitment was to reduce emissions by 36.1% to 38.9%, the latter being about 1 Gt of CO₂eq.

However, a recent study coordinated by a group of respected NGOs in Brazil, including Fundação Boticário, WWF-Brazil, TNC-Brazil, IMAZON, SPVS and Conservation International, demonstrates that just two of the many changes in the proposed forest code will massively increase Brazil's total national emissions as well as reduce its carbon storage.

And so all of a sudden, all Brazilian forests are again at risk. In this case, the primary cause is a direct consequence of human activity – a vote.

The world was thrilled and energized by Brazil's amazing accomplishments in reducing forest degradation. Now it is our responsibility to say that turning back on this grand achievement is simply wrong.



Canada's Ice Cream Castles in the Air

It must be wonderful to live in the magical world of Canada's environment file. In that enchanted land, a press release is the same as a law, and polluting for another 45 more years is the same thing as banning dirty coal.

You can tell Parliament and the media that you have published regulations to ban coal, but back in the normal world you've done nothing of the kind.

When asked in Parliament about his strategy for Cancun, the environment minister responded that Canada is the only country in the world with a real plan for banning coal-fired electricity generation and that he has already brought forward regulations to achieve that plan.

But let's bring this back to reality. There is

no public plan and there are no regulations to ban coal. What the government has actually done is to announce that greenhouse gas emissions from coal-fired electricity generation will be regulated starting in 2015, and draft regulations will be issued in April 2011.

On the same day, Canada's environment commissioner released a report stating, 'The health of Canadians and Canada's natural environment, communities, and economy are vulnerable to the impacts of a changing climate, and the government is not ready to respond to them'.

Canada should return from its little vacation in the reality distortion zone and rebuild the trust and transparency that are expected at these negotiations

Finding a Future for the CDM

For years now the carbon markets have felt a rising anxiety about their future in the absence of post-2012 clarity.

This concern has reached new levels at this COP, with some countries proposing decision text saying that the future of the flexible mechanisms should be guaranteed no matter what, and side events discussing intricate proposals on how to manage potential gap periods.

ECO has some straightforward advice for all those governments and carbon market people who are worried about the future of the flexible mechanisms. Simply persuade

your Annex I governments to agree a second commitment period under the Kyoto Protocol – right there, that will take care of your problems.

And while you're at it you might also want to lobby them to adopt much more ambitious targets and close all the logging and hot air loopholes.

That will allow the markets to function much more effectively with proper price discovery and real environmental integrity. As the EU ETS has demonstrated in its first phase, over-allocation kills the market just as effectively as a lack of long-term certainty.

Can the EU 27 Agree the EU 30%?

If the remarks of Christina Figueres to WBCSD Climate Day are right, the Kyoto Protocol is stuck and some Annex I countries are not committing to the second commitment period because of private sector resistance.

Let us deeper look into why the EU member states don't want to move toward the range of mitigation targets suggested by the IPCC for developed countries of 25 to 40% reductions on 1990 levels by 2020.

First, would Europe's citizens support a move in that direction? Yes of course, and last week the European Parliament voted in favour of a unilateral 30% mitigation target.

Does the current EU Emissions Trading Scheme affect the business of the oil and coal industries big time? Not really, there are too many ways to sneak around the reduction requirements. So what does the dirty fossil industry think about 30%? It is opposed to that because a strengthened ETS would have real impact on investments in dirty energy, while the green economy would grow.

And further, does staying with the current 20% position help to unblock the second commitment period? No, that would leave Norway and Japan standing alone as ambitious Annex I countries, and we all know what Japan thinks about that.

Next, will wide loopholes in CMP decisions help to increase the credibility of Europe? Not in anyone's dreams.

But would a 30% target increase the revenues from auctioning emission rights? Yes, and the closer auctioning gets to the 100% level, the more easily the obligation for financing adaptation, REDD and mitigation in developing countries can be fully realized.

Does anyone know if the presence of all European ministers will mean a change of the current position toward the 30% goal? What do European political leaders actually stand for? We use to have a good idea, but it's no longer so clear. It's time for the EU to regain the leadership on climate it provided for so long.

Capacity Building (against despair)

Which part of 'capacity building' do developed countries not get, almost without exception? ECO understands the phrase to mean something you do at the front end of a process to get something else much bigger to happen downstream.

Since developed countries, again almost without exception, are clamoring for mitigation action from developing countries, you would think that developed countries would be queuing up to support LCA text for a radically ramped-up effort at capacity-building. But you would be wrong.

For all 18 years of the UNFCCC's history, developed countries have treated capacity building (CB) as something largely voluntary, largely private, largely bilateral and largely a mere afterthought to something they have already decided to do. More recently, that was starting to change. Capacity building options have been in the LCA text for nearly a year now. But you would never know this from carefully reading CRP-1 and CRP-2.

The strongest options in the LCA text – a Technical Panel to design and launch an integrated framework for CB building, an active link to new financial resources (including a design component for capacity building in any new multi-window financial mechanism), and a legal lock on developed country

obligations to support CB – have quite simply vanished in a puff of smoke.

Why is this? It would make no sense at all to build the components for any developing country's climate response efforts in isolation – whether in adaptation (NAPA), mitigation (NAMA), technology (TNA) or across the board with MRV.

Whether the activity is an inventory, fiduciary standards or direct access, capacity building is needed to develop them and tie the efforts together coherently.

And doing so will take aim at one of the key things developed countries claim they most want to see: cost effectiveness. Yet where are we heading now that CB is being systematically removed from the CRP text? It's enough to make anyone despair.

ECO considers that it's not the willingness of developing countries to take on a complex new approach that is at issue here. They are doing what they can with limited resources and long-delayed promises for help. Instead, the radical challenge seems to be getting the developed countries to back up their rhetoric and take on a challenge they really don't like: to work collaboratively with developing countries and provide the support needed for true capacity building to make real change possible.

Good Nutrition

In its Fourth Assessment Report, the IPCC has clearly states, 'Malnutrition linked to extreme climatic events may be one of the most important consequences of climate change due to the very large numbers of people that may be affected'.

Furthermore, a recent IFPRI publication has estimated that child malnutrition could increase up to 20% by 2050 under climate stress compared to a no-change scenario. But nutrition still is on the sidelines at the climate negotiations.

There is growing recognition of the need to address the nutrition impacts of climate change. All the speakers at the WHO-WFP side event held on December 6 agreed on the urgency of this overlooked issue. The Agriculture and Rural Development Day 2010 strongly recommends that 'Action on food security, nutrition and hunger must be explicitly included in any post 2012 agreements especially within . . . the AWG-LCA text'.

Parties should recall that climate change directly affects the food and nutrition secu-

ity of billions of people, undermining efforts to address undernutrition, one of the world's most serious but least addressed socio-economic and health problems.

Now is time to act on ensuring food and nutrition security under a changing climate, and integrate nutrition security in the LCA text. This is one of the key messages provided by the United Nations Standing Committee on Nutrition (UNSCN) Policy Brief, which can be downloaded at www.unscn.org.

Fossil of the Day

#1 - United States

For opposing developed country aggregate emission targets of 25-40% on 1990 levels by 2020.

#2 - Canada

For claiming future regulation of coal already exists.

#3 - EU

For avoiding solutions to 'hot air'.