Consensus Reached On Scaling Up Financing Through Increased Cafeteria Sales

Everyone knows that real climate negotiations cannot take place in public. ECO is therefore pleased to have spent Tuesday occupying the cafeteria seats instead of delaying the rapid progress being made in the spinoff groups. At last check, we were on track to warm the seats by 3°C, enough to ensure negotiators could later sit comfortably while celebrating their work with beer and pretzels.

Monday’s negotiations progressed at a snail’s pace as unruly observers interrupted the positive flow between the Co-Chairs and Parties. Thankfully, the unanimous frustration with observers was remedied today with a single objection in the plenary. The applause and high-fiving among developed countries following Japan’s statement signalled that they spoke for us all. Similarly righteous, but under-appreciated, the Secretariat deserves similar praise for doing what the Co-Chairs could not—they took away meeting space that civil society had reserved. One can only hope that the hotels of Bonn follow this lead.

ECO would like to remind Parties of the continual stalling role played by observers. They are notorious filibusters, unwilling to compromise, vociferously opposed to long-term commitments, and they try to undermine the principles of the Convention more frequently than wi-fi in the plenary hall cuts out.

After trying the “Mango Heaven” smoothie in the cafeteria for the umpteenth time, ECO suspects the observers may have developed secret plans to profit from tropical agriculture in Antarctica.

Civil society organisations and the peoples they represent are looking forward to continued exclusion from the negotiations. ECO expects this session will wrap up a day early thanks to the accelerated process being made in their absence.

Spirit of the $100 Billion Haunts Donors

Earlier this month contributors showed us what a US$100 billion commitment looks like. The OECD/CPI report revealed that the commitment consists mostly of loans and private finance. In 2013, the contributions consisted of more than $20b in loans, almost $20b in private finance, equity and guarantees, and a mere $13b in grants. These numbers don’t quite add up and ECO feels that the “$100 billion” is desperately lacking the spirit of the 2009 promise—to provide new and additional money to help meet the needs of developing countries.

ECO has heard donor Parties complaining about being haunted by the spirit of the $100b, but the effort to evade the original intentions with new accounting methodologies isn’t fooling anyone. So, here is an alternative approach, one that is more in keeping with the spirit of the commitment:

• **Address the adaptation finance gap:** According to the report, only 16% of climate finance was for adaptation. Parties should commit to allocating at least 50% of public finance for adaptation. ECO would also encourage Parties to take action to address the gap before 2020. A public adaptation finance target for 2020 would kill two birds with one stone.

• **Use innovative sources for climate finance:** Alternative sources, like financial transactions taxes on bunkers or redirecting fossil fuel subsidies, could allow donor countries to contribute to climate finance without raiding their aid budgets. Rather than diverting aid to meet their obligation on scaled-up climate finance, developed country Parties should commit to raising additional money from different sources.

• **Include a long-term mechanism for setting financing goals:** Periodically setting separate quantitative targets for public adaptation and mitigation finance in line with adaptation and mitigation commitment periods is a good option. This will provide developing countries with greater predictability on the levels of support they can expect and therefore help all Parties increase ambition by matching finance to needs and climate action.

No one likes to be haunted by menacing spirits. ECO thinks Parties would be better served developing innovative sources of climate finance rather than innovative accounting methodologies.

Maybe then they will sleep better at night.

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**Article 6 (Finance): Surgical Insertions Bring Back Commitment, Adequacy, Predictability**

ECO believes it is high time to deal with the problem that, when it comes to finance, Parties speak about two separate issues: one is the shifting, attracting and mobilising of financial flows, public or private; the other is the provision of financial support by rich countries to poor countries. They are lumped together in Article 6 because the word finance appears in both of them, and because one can nicely be used to marginalise the other. The issues are linked, and both have their role in the Paris Agreement, but ECO needs to remind everyone that they are not the same. One cannot replace the other.

The Umbrella Group’s finance proposals are about mobilising financial flows but not about committing financial support, leaving a wide finance gap. Article 6 now contains both the Umbrella Group’s proposals, and the G77’s proposals—a dramatic improvement.

ECO suspects that the Umbrella Group would have preferred the earlier version of the Article, as their “surgical insertions” re-hashed the old version instead of making the key changes needed to improve predictability and adequacy of financial support under the Paris Agreement. Smartly, when making their insertions, the G77 stood up for their needs.

The new Article 6 now includes much of what is needed for an article whose role will be to organise financial support for adaptation, loss and damage, enhance mitigation, and to achieve the long-term goal of full decarbonisation by 2050. The new proposals clarify and strengthen the commitments to provide support, noting that grants and public finance are needed for adaptation, and that support needs to be additional to development assistance. That makes a lot of sense since climate change is an additional challenge to poor countries.

Another key component that found its way back in is the idea of setting collective goals for the provision of financial support at periodic intervals, e.g. every five years, linked with the INDC cycles. Still missing are separate targets for adaptation and for mitigation, to ensure that the looming adaptation gap is narrowed. Some say that numerical targets alone won’t do the trick. Ideally the CMA would continuously take action on all sorts of elements relating to the support of developing countries, reflecting evolving needs regarding the types, channels and instruments of support. Quantified targets would clearly be part of the package, to give everyone a direction to move toward.

Yet, ECO is siding with the Umbrella Group on some issues. For instance, the idea to reduce international finance for high-emission projects deserves attention. The Bonn talks take place in a country that remains among the top five providers of export credit and guarantees for coal power stations and coal infrastructure projects. It appears that Germany (and a few more top-emitters) could use some direction from the Paris Agreement to end that dirty practice and shift these instruments away from coal and toward renewable energies.

**Canada: the End of a Fossil-Filled Era?**

Seasoned negotiators among you will recall that there was a time when Canada was not a shoe-in for the Fossil of the Year awards. While never perfect, Canada once had a reputation for punching above its weight when it came to the climate talks—a reputation that began to fracture in Nairobi, was crumbling by Bali, and a distant memory by the time Copenhagen rolled around.

Even bad things must come to an end. In a dramatic election yesterday, Canada threw out the near-decade long rule of climate laggard Stephen Harper. Incoming Prime Minister Justin Trudeau has his work cut out for him. To be sure, his party’s election platform pushed some of the right buttons: promising to contribute Canada’s fair share to keep the world below 2°C; working with the premiers of Canada’s provinces to come up with a new INDC target and a strategy to meet it (within 90 days after Paris); phasing out fossil fuel subsidies; and investing $2bn in green infrastructure.

Sounds great, eh? Not so fast. ECO’s Ottawa correspondents report that Trudeau also talks about building new tar sands pipelines to get Canada’s dirty oil to market. It seems Trudeau is not yet the boldest when it comes to making the tough calls on Canada’s carbon bomb, the tar sands. However Paris might just be the push he needs to tell the world that his parliament will be stepping up to do Canada’s fair share in tackling the climate crisis.

Trudeau must come to Paris with a firm commitment to enshrine 2025 and 2030 targets in domestic law. These targets should include phasing out dirty energy and phasing in 100% renewable energy by 2050. They should also include providing Canada’s fair share of international finance.

The process must start with a meeting between Trudeau and the provinces’ premiers before they all leave for Paris. Then we can truly and loudly say in Paris: Welcome back, Canada!

**Bring Back Full Decarbonisation by 2050**

There’s one particularly valuable piece of mitigation text that got lost in the co-chairs’ pressure cleaning of the text. Namely, the text that called for full decarbonisation by 2050.

ECO urges Parties to bring it back into the first paragraph of Article 3. Why?

Because the Paris agreement needs to be a phase-out agreement, rather than another emissions management agreement.

In light of the latest IPCC findings and the carbon budget it outlines, fossil carbon emissions must simply be phased out. And that needs to happen fast, by mid-century at the latest, if we are to have a good chance of staying below 2°C, not to mention 1.5°C.

Those who believe we have more time for the phase out, even until the end of the century, are betting on hypothetical and highly problematic “negative emissions”.

That’s not a plan. That’s just reckless gambling with our future.

A goal of full decarbonisation by 2050 would reflect the true urgency of the situation. It would make it increasingly difficult for businesses to justify investing in high-carbon emitting infrastructure, because the energy systems we’ll need to have in place by 2050 are being built now.

On the other hand, a long-term goal of decarbonisation by end of the century would have the opposite effect. It would create the dangerous illusion of having all the time in the world to change.

The solutions are already here. The renewable energy revolution has already started. What the world needs from Paris is a clear signal that the age of fossil fuels is coming to an end and that the direction is now towards a world powered by renewable energy for all.

ECO therefore urges Parties to make this message clear in the draft agreement and is happy to help with inspirational text.

Your task, dear delegates, is not to foresee the future, but to enable it.