The topic of long term finance, and pathways to the US$100 billion commitment by 2020, were conspicuous only in its absence in the Workshops on Long Term Finance this week.

So how did we reach this sorry state?

In fact, discussion of how to meet the $100 billion goal has degenerated steadily over the years. The best effort to date occurred with a 2010 report of the UN Secretary General’s Advisory Group on Climate Finance that actually looked at new sources of finance and different mixes of sources to meet the commitment. The COP grudgingly took note of this report, then proceeded to create a Long-Term Finance Work Programme. With little to show for two years of work, the COP referred the issue to a series of workshops (like those this week) and Ministerial processes, which to date have fared no better.

In Lima, negotiators discussing the Long Term Finance agenda item under the COP managed to avoid the issue of how to meet the $100B commitment; Long-Term Finance was not one of the crunch issues that kept negotiators up until the wee hours.

**Conflict avoidance**

During these processes, finance negotiators have become better and better at avoiding any controversial discussion of pathways, sources or scaling up. This week’s sessions were a perfect example of how to fill 6 hours of workshop time with nice presentations and polite discussions worthy of the finest side event. And not once going within a 10-meter radius of a controversial issue.

This could be a sign that finance negotiators here have acknowledged they have little to contribute at the UNFCCC to real financing decisions, and such weighty issues are better entirely up to Ministers. One could then hope that they are busy working in their capitals to convince their Ministers and Treasurers to prepare ambitious finance offers that will be revealed closer to the end in Paris.

This would be great, but there has been little indication of a renewed developed country commitment to climate finance so far -- noting, of course, the recent statements by Chancellor Merkel and President Hollande calling for additional public finance to meet the $100 billion goal, with Merkel signalling a doubling of Germany’s public climate finance.

**Continued on page two**

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**Could methodologies unlock hidden superpowers within climate finance?**

Much as the Incredible Hulk, Thor and Black Widow come together to join their super powers in the fight for good –the Standing Committee on Finance (SCF), SBSTA and SBI are joining forces to discuss methodologies to improve the reporting of climate finance. The evil they battle is a lack of transparency leading to problems such as double counting, miscalculations (or outright exaggeration) and little opportunity to gauge the impact of the resources received.

To unlock their full superhero potential ECO recommends:

- Defining common criteria. It’s essential to know what climate finance actually is and ensure we exclude activities that have negative externalities.
- Providing enough and clear information. Don’t be afraid, superheroes, break it down. Update the information at least every year and ensure that it is public and accessible.
- Coordinating with other countries and financial entities. Avoid duplication of funding and listen to -- and meet the needs of -- recipient countries.
- Encouraging participation of stakeholders. After all, what are superheroes without an engaged audience?
- Coordinating with other countries and financial entities. Avoid duplication of funding and listen to -- and meet the needs of -- recipient countries.

Recipient countries – you also have a role to play here. Your superhero efforts to measure climate finance flows will help close the gap between what you have and what you need. A good idea for recipient countries would be to systematise the information about the climate finance received and coordinate with national and sub-national entities to improve communication and to avoid duplication of projects.

The hidden superpowers of a transparent, accountable and participatory mechanism can track climate finance, increase trust among countries, improve decision making processes and identify financial gaps to improve the leverage among public, private, innovative and international finance. Finally, an MRV system should also include criteria for ensuring that we all walk together towards a low carbon and resilient path and a happily ever after.

Superheroes Assemble!
Meanwhile back at the UNFCCC, it is not clear anyone is keeping an eye on the finance ball — even from developing countries. Sure there are lots of text options in the Geneva draft for the Paris agreement, spanning a wide range of positions. But if recent developments are any indication, most of these could melt away before Paris, leaving little but vague statements about the importance of finance to meeting climate goals.

If developing countries don’t make finance a real priority, beyond draft text and stock phrases in declarations, it won’t be only developed countries who are to blame for inadequate financing. Perhaps these workshops will help to ground future negotiations in real needs and realities on the ground, and realistic expectations of the role of private and public finance. Creative solutions exist that can move beyond traditional polarised chicken and egg debates.

Discussions of finance have long been plagued by an aura of unreality, with proposals that private finance will solve all our problems on the one hand, or that Annex 2 countries will pony up several percent of their GDP on the other, with too little attention from either side on what it will actually take in practical terms to create low or zero carbon economies worldwide and build resilience.

If the absence of meaningful progress at these workshops says that finance negotiators have lowered their expectations because the challenge is ‘just too difficult’, it doesn't bode well for Paris or the planet.

**G7 leaders must stop climate change from making people starve!**

As G7 leaders gather in Schloss Elmau, ECO has a few concrete thoughts on how their work can nudge the UNFCCC process towards an ambitious agreement in Paris.

The first step is to move from “do as we say” to “do as we do”. G7 members have become quite comfortable telling other countries to follow low carbon pathways. But did you know that 5 of the G7 governments have reverted to coal and are burning more now than in 2009? This includes Japan, Germany and the UK. Japan has gone on a coal-power-building spree — before and after the Fukushima disaster. And Germany is burning more lignite, or brown coal — the dirtiest of dirty fossil fuels.

These G7 coal emissions are significant — if G7 coal plants were a country, it would have the fifth highest emissions in the world. Emissions from G7 coal plants are double the fossil fuel emissions of Africa and 10 times of those of the 48 least developed countries.

Coal cheap nor does it bring bread to the table. The climate impacts of coal plants in the G7 are on track to cost the world $450 billion a year by the end of the century, according to modelling by Climate Analytics. G7 coal burning will cost Africa alone $84 billion a year by the end of the century. And in a world with a growing population — with hunger already a life-threatening issue for many — G7 coal burning on its own will be responsible for 7 million tonnes of crops lost each year which is 1% of staple crops in the poorest countries.

Fortunately, there is a recipe for kicking the coal habit. A recent report details country-specific plans and policies for each G7 country to become coal free: in France by 2020, Italy by the early 2020s, the UK by 2023, Canada and the US by 2030, Japan by 2035 and Germany by 2040.

So there’s no need to wait. Here’s the additional ambition you’ve been calling for, G7. You just need to look closer to home. After all, real leaders lead from the front, right?

**From #DivestNorway to #NorwayDivests!**

Shockwaves are being felt far and wide: global investments in renewable energy capacity have outpaced investments in new fossil-based power generation for the last 3 years. Yesterday, the Norwegian Parliament decided that the world’s biggest sovereign wealth fund will divest from coal.

Norway’s Government Pension Fund Global (GPFG), a US$900 billion petroleum-fed piggy bank, will divest from companies which get more than 30% of their income from coal extraction or coal power generation. Basically, the GPFG has placed coal where it belongs: in the same category as tobacco — another industry the fund is not allowed to invest in — which profits from harming people and the planet. Good on you, Norway!

The breaking news follows a series of announcements from major investors that they will divest from coal or reduce their financing for it. This includes AXA, Bank of America and Crédit Agricole. Divestment is not only driven by coal’s role in causing dangerous climate change but also by structural decline in the coal market. Investors have clearly understood that coal is both unethical and a bad financial investment.

A global phase-out of fossil fuels must happen in tandem with a phase-in of renewable energy. A transition to full decarbonisation is going to need public money, including the money channeled through sovereign wealth funds, to unleash the trillions needed for investments in renewables and other clean technologies.

GPFG already invests in renewables, but this investment is marginal compared to its fossil fuels portfolio. The next step must therefore be to invest more in renewables, and a good way to start would be a mandate to invest at least 5% of the portfolio directly in renewable energy infrastructure for production and distribution. This investment of US$45 billion could help cover those difficult upfront costs.

And, while GPFG is on a roll, it should next divest from all fossil fuels. Not only coal but also oil must stay in the ground if we are to avoid catastrophic climate change. Why not strike when the iron is still hot?
INDCs: The promised land?

The land sector offers significant potential for climate change adaptation, and opportunity to reducing emissions. As highlighted in the SBSTA workshops this week, actions in this sector are crucial for protecting food security and livelihoods, particularly adaptation actions for vulnerable, small-scale food producers. At the same time, the land sector accounts for about a quarter of all emissions—most of which come from a loss of ecosystems, as well as nitrous oxide and methane from industrial agriculture. We can’t afford to ignore that up to half of the emissions gap could be closed by efforts in the land sector between now and 2030. Mitigation in this sector isn’t just about avoiding deforestation and forest degradation, and restoring ecosystems—it’s also about reducing food waste, shifting away from the use of fertilisers, and encouraging sustainable consumption, while ensuring that key safeguards are addressed and respected and food security is promoted. With all this opportunity for reducing emissions, ECO hoped to see both ambition and transparency in the contributions proposed in INDCs. INDCs from developing countries submitted so far have offered plenty of detail about their intended mitigation efforts and how they fit with goals for adaptation and sustainable development. These efforts go a long way to delivering the transparency that is so essential for building trust in this sector. With such transparency from developing countries, imagine our surprise when we turned to developed countries’ INDCs. Developed countries seem to be focusing on accounting practices more than mitigation actions they will take. We can see that the land sector is in there... somewhere. How is the rest of the world supposed to know what it will include? What’s new? How is it more ambitious? ECO recognises that some countries may wish to take strong action to reduce emissions in their land sector— but this shouldn’t be used to hide where emissions cuts are coming from, or reduce ambition in industrial sectors. The INDCs give Parties a chance to shine the spotlight on plans to reduce emissions from the land sector, and show us how they will ensure that land rights, food security and biodiversity will be protected. So be transparent, and be ambitious. We can’t afford anything less!

French cuisine

ECO is quite the food buff, and hence has been salivating in anticipation of the spectacular cuisine later this year in Paris. Much like turning snails into escargot, thoughts of Paris should inspire negotiators to turn a slow start at the facilitated meetings here in Bonn on Workstream 2 into meaningful work on a COP decision text. With all that Parisian inspiration, Parties can deliver a delicious WS2 recipe:
- Start by pre-warming the Technical Examination Process (TEP) to lead to actionable political decisions, which enable the development, scale up and duplication of good initiatives, policies and measures.
- In a large saucepan, add a generous portion of ramped up developed countries’ pre-2020 mitigation and support efforts.
- Sprinkle a request to developing country parties to consider increasing their pre-2020 efforts, unilaterally and bilaterally, with financial, technological and capacity building support from developed countries.
- Let this simmer with a technical examination process to continue beyond 2020, until we clearly see that the emissions gap is closing.
- Season with a mandate to the Convention’s technology and finance bodies to prioritise mitigation actions with sustainable development co-benefits identified in the TEP, and address barriers to their implementation.
- In the meantime, sift initiatives of all actors through a sieve of clear criteria to identify the ones that are truly meaningful and ambitious. Sprinkle these initiatives with recognition.
- Prepare a clearly structured high-level event that will encourage additional climate action, enhance implementation and ensure follow up.
- Serve with real, additional and urgent emission reductions. Julia Child would agree: this recipe will deliver a Paris decision on WS2 that contributes to effective additional actions to combat climate change as soon as possible. Bon appétit!

Paper Chase: How to find your way in staying below 1.5ºC

As we emerge from the first week in Bonn, negotiators have been busy trekking through the text. Here’s some guidance for those who may be missing the forest for the trees on mitigation. At the start of every hike you should know where the trail goes. At the UNFCCC, the destination is to achieve the ultimate objective of the Convention and avoid dangerous climate change getting there. As we heard during the Structured Expert Dialogues, a 1.5ºC temperature pathway is the safest course to take. Phasing out fossil fuel emissions and phasing in 100% renewable energy to achieve full decarbonisation by 2050 have to be in the backpack. To succeed, the nature and form of mitigation commitments must be as strong as possible. And to stay on course, we must check progress from time to time, so a review focused on equity and ambition is necessary. And it goes without saying, once you are on the right track, there should be no backsliding.
Good grievance and CDM

Anyone remember that Clean Development Mechanism (CDM) pickle we’ve been moaning about for an eye-wateringly long time? Clearly, the Panamanians have been rummaging through the old ECO archives and taken the hint.

In February 2015, the construction of the Barro Blanco hydroelectric dam, a project registered under the CDM, was suspended by Panama’s national environment agency due to breaches of the national environmental impact assessment requirements. It turns out there were shortcomings in the agreement with the locally affected indigenous communities.

It’s a no brainer that this wasn’t anything like best practice. So let’s put it in the spotlight: the suspension by Panama is a landmark decision in the history of the CDM. It was also just in time for the Geneva pledge on human rights.

The CDM still does not offer any compliance mechanism for affected communities, so this is a really important step forward.

And Barro Blanco is not an isolated case. Quite a few CDM registered projects have been strongly opposed by local communities. Negative social and environment impacts and human right violations do not make a very good sales pitch. Other examples are the Sasan coal power plant in India and the Santa Rita hydro dam in Guatemala.

ECO would like to see the establishment of a CDM grievance mechanism. Parties have an opportunity to make this happen during the currently ongoing discussion of the modalities and procedures for the CDM within the SBI. A strong decision is essential towards operationalising the 2010 Cancun agreement, which called on all parties to fully respect human rights in all climate change related actions.

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**CAN and UN-Security Solidarity Party for Nepal**

Sat. 6 June 2015, 8.30 pm
Bundesrechnungshof Cafeteria

**DONATIONS** will go to the reconstruction and rehabilitation of an earthquake impacted village of a CAN Partner in Nepal

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