Lord of the Credits: The Return of Article 6

And so here we are again! ECO shall never get tired of engaging with you when you are developing critical rules for implementation of Article 6 to ensure environmental integrity and promote sustainable development.

Today we present our top line recommendations. And for you, true hardcore followers of Article 6, stay tuned! Over the coming days, we will outline in detail how and why you should implement these asks within Article 6.

KP transition
COP24 ended in a showdown, and the transition of Kyoto Protocol flexible mechanisms, including the current projects and units issued from these projects was a part of it. From the CDM alone, there could be over 4 billion units available after 2020 if Parties do not put restrictions in place. Today, over 800 million Carbon Emission Reductions (CERs) are already on the market. And don't get ECO started about AAUs and ERUs… For each of these units used under the Paris Agreement, one less tonne of CO2e will be reduced. Besides, most of these units never made any contribution because the emission reductions they represent would have happened anyway. We know it, you know it, and if they are transitioned into the Paris Agreement, the world will get hotter and we will know why…

Avoiding double counting
Second on the list is the infamous double counting issue. Of course everybody agrees: double counting? Bad. Great, let's go home. Wait… It seems some Parties still seem to need help understanding what double counting is. These Parties would have us believe that double counting only happens if a credit/unit is used twice. But what matters are the emission reductions, not the credits themselves. ECO has found that an overwhelming majority of emission reductions appear in a countries' emission inventories. In short, host countries that sell some emission reductions to other actors (Parties, airlines, or potentially other entities outside the UNFCCC, etc.) should correct their reported emissions to make sure that they don’t claim the emission reductions towards their own efforts! It's called applying corresponding adjustments to a Party’s account based on its emissions inventory. But the technical term should not mask the fact that this is common sense, and it doesn't take a mathematician to avoid double-counting.

Including Human Rights-Based Social and Environmental Safeguards
But it's not just all about numbers, credits, and counting, it's about people and their environment too. Credits aren't generated in a bubble. ECO wants to remind you that the activities generating these credits have real impacts and they aren't always positive. But don't worry, there's time to course correct, not repeat past mistakes, and ensure that these activities promote sustainable development. How, you might ask? It’s relatively straightforward.

First, include rights-based environmental and social safeguards in the guidelines for Article 6. Second, require all activities to conduct meaningful consultations with local communities and indigenous peoples starting with design of the activity and continuing throughout implementation. In the Paris Agreement you emphasized supporting and promoting sustainable development, and both robust safeguards and meaningful public participation can help you achieve this. Third, establish an independent grievance mechanism that is accessible, equitable, and transparent so that if harm does occur, communities have somewhere to go to seek remedy. Climate action, including through market and non-market mechanisms, should benefit rather than harm people. It's not enough to wish it won't, so write it down and adopt guidelines to help ensure this.

But that’s not all…
Of course, ECO knows that many other important issues still need to be resolved. How can Parties ensure that conservative baselines are set for baseline and crediting schemes under Article 6? How can Article 6 deliver an overall mitigation in global emissions? How can Article 6 lead to increased ambition, and avoid setting perverse incentives against ambition? Stay tuned, there's more to come.
Voices From the Front Lines

Mozambique Cyclone Response Illustrates Gaps on Loss and Damage Action

Mozambique is reeling after twin cyclones Idai and Kenneth — the first time in recorded history that two strong cyclones hit Mozambique in the same season. The storms killed an estimated 650 people, destroyed 24,000 homes, and displaced 150,000 people. The cyclones affected about 1.8 million people across the country, and women and girls, being the most vulnerable in times of crisis, struggled more than ever to cope with these devastating storms.

On the island Ibo in northern Mozambique, a local woman recalls seeing people of all ages “with fear written all over their faces,” rushing inside the fort with injuries after being hit by flying objects. “My husband had gone to the sea for fishing. I prayed silently that he be safe,” she explained. “Our house was a total wreck,” she said, adding “And we could see some of our clothes were hanging high up in the branches of nearby trees. I felt like crying as it took years to build our house but now all was gone.” The wind had shredded her husband’s fishing boat apart, leaving nothing behind to salvage. “Our life depends on fishing and without a boat, it’s going to be tough,” she said. “Already, we have lost everything and we don’t know how we will get money to rebuild our house.” A day after the cyclone, she and her family moved to an accommodation centre set by the government near the fort. She was allocated a family tent and a food ration for a week.

The village Mutua became the site of a large displacement camp. Three months later, more than 300 people, most of them women and girls, still call the camp home. These families are struggling to rebuild their lives, and many are afraid to return to the villages where their houses were engulfed by water. Vitorina, a mother of three has been living in the camp since her village was destroyed by flood waters over two months ago. “I was in the field when this strong storm and heavy rains started. It was moving the houses, trees and crops. I was worried about my children. When I arrived home, my house was flooded and all my belongings, including cooking utensils, were washed away. I went with my children to a school nearby home,” she explains. “I am 32 years old but I had never seen such a huge amount of water. It was my first time to see a horrific thing like this. I will never forget that day,” she added.

According to a Post-Disaster Needs Assessment, Mozambique needs $3.2 billion to recover and reconstruct. But so far, the world has only come up with $1.2 billion — less than half of what the country needs.

This is what is at stake in the review of the Warsaw International Mechanism (WIM) for Loss and Damage. The review must be inclusive and comprehensive, investigating the needs of developing countries and the solutions to close the gaps in existing finance streams to pay for climate destruction. If not, countries like Mozambique will continue to suffer the effects of loss and damage without sufficient support from the wealthy countries that caused climate-induced disasters in the first place.

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Fill Those Coffers One More Time

ECO woke up this morning thinking about the Green Climate Fund (GCF) and how a song by Britney Spears could reference it. Imagine if the song went: “I must confess I still believe (still believe) when I am not with you I lose my mind, give me a sign! Give me Money one more time”. (and the next time and time after that … you get the idea)

In 2019 the Green Climate Fund needs us all to work together. We need to ensure a successful first replenishment of the fund. To do so, developed countries need to significantly increase their public contributions to at least double their share of the initial resource mobilization and to do so overwhelmingly in grants. ECO remembers the commitment to mobilize US$100 billion by 2020, which, in case you haven’t noticed, is quickly approaching. This first replenishment is, in ECO’s view, a significant step towards this goal and maybe the most important moment for climate finance in 2019. It won’t come for a song. Talk is cheap, but replenishment needs real money and lots of it. Here is why:

- Since 2014, countries have pledged a total of US$10.3 billion. This money has not been sitting idle. The first GCF projects were approved before Paris. Since then the fund has supported 102 climate projects worth US$ 5 billion in close to 100 countries. In grant equivalent terms, 54 percent of that support went to adaptation measures, fulfilling the promise to balance support for mitigation and adaptation. While it would be better if balance could be reached even in nominal terms, nevertheless the GCF has significantly increased the availability and approval of multilateral funding for adaptation in just a few short years. A full 69 percent of GCF funding approved for adaptation efforts (in grant equivalent terms) is directed toward the most vulnerable countries, LDCs, SIDS and African States.

- GCF readiness support is reaching 120 developing countries to strengthen climate-related processes and institutions and to broaden ownership in order to empower local communities and Indigenous Peoples. Such support is crucial to build the capacity for ambitious climate actions under the Paris Agreement in developing countries. The GCF now has a growing partner network of 84 implementing partners, 48 of which are direct access entities, and many more waiting to be accredited. Already, GCF is punching significantly above its financial weight and has the potential to further raise the quality of climate finance implementation through strong human rights-centred policies supporting gender equality and Indigenous Peoples’ rights. In its monitoring framework, GCF aims to hold all of its partner entities accountable for how much their entire portfolio is compatible with Paris goals, and not just the handful of projects they might do with GCF.

- GCF is a major delivery channel of concessional climate finance to developing countries. Its projects expect to avoid 1.5 billion tons of carbon and to benefit 250 million people around the world. And its core objectives, features and guiding principles make it unique. Beyond just effectiveness and efficiency of climate finance, the GCF’s mandate includes gender mainstreaming and being responsive to vulnerable populations.

Now, for GCF to pursue its mandate and to help developing countries implement the Paris Agreement, the quality of investments must be matched with an increased quantity of funding. ECO wants GCF to help countries implement ambitious domestic climate plans to respond to climate urgency. The need is there: close to US$15 billion in project concepts and proposals are waiting to be funded. Now GCF is nearing the end of its ability to commit funding by the end of this year. For GCF to fully realize its transformative potential, ECO thinks it must be generously replenished. Only then can GCF help developing countries reach their highest ambitions in both mitigation and adaptation efforts aligned with the long-term goals of the Paris Agreement.

Delivering on the GCF replenishment and ensuring that developed countries contribute at least double their pledges for the first replenishment cements the Fund’s intended role as main multilateral funding instrument in the climate process, it builds trust as we are heading into the crucial 2020 NDC upgrade period and builds the confidence that the US$100 billion promise can be fulfilled after all.

Let’s join Germany and Norway who have outed themselves already. “I must confess, I still believe” that at this SB50 you will raise your voices to say “fill those coffers one more time”. 
Two crises pose serious threats to life on Earth: the climate change crisis and the biodiversity crisis. Major global intergovernmental assessments from the IPCC and the IPBES have demonstrated that the two crises are strongly interlinked. It is increasingly understood that we must move beyond treating these crises separately, but rather move towards integrated approaches.

How refreshing that the IPBES addressed UNFCCC delegates yesterday, and with the SBSTA Chair paying full attention. ECO hopes that Parties are equally engaged. After all, nature-based solutions could provide 37% of mitigation efforts to meeting the 1.5°C target by 2030 according to IPBES. The challenge is to ensure that climate action lives up to the promise in the preamble of the Paris Agreement of supporting human rights, protecting biodiversity, and ensuring ecosystem integrity.

Much needs to be done, however, for this insight on the dual crises to be recognised and acted upon internationally. Carbon-rich high integrity ecosystems, such as primary forests, grasslands, peatlands and other wetlands, are under significant pressure. Land use change and degradation contribute in mutually reinforcing ways to both the climate and biodiversity crises - increasing emissions, biodiversity loss, and ecosystem degradation.

We need to see integration of actions under key international conventions (UNCBD, UNCCD, WHC, and UNFCCC), and other key international instruments (e.g. Sustainable Development Goals). Such action must recognise the scale of and linkages between these crises and the need to deal with them in a coherent, integrated, holistic manner.

It’s time to prioritise the role of ecosystems: protecting and restoring carbon rich primary natural ecosystems; restoring previously degraded ecosystems; reconnecting natural ecosystems, restoring biodiversity in agricultural soils; and maximising ecosystem resilience and adaptive capacity through landscape scale initiatives.

And it is Still Rising...

Following on the lead of the SBSTA co-chairs note, ECO wants everyone to ask themselves, how do we make sure this curve doesn’t look the same when we reach our next landmark session.