

ECO

THE BACK TO BUSINESS ISSUE

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Food for Thought: Some Reflections on Predictability

On the first day of week 2, ECO would like to help answer a crucial question: what actually makes climate finance predictable? Well, ECO definitely thinks that part of the answer is for countries to provide the relevant information to show how they intend to scale up climate finance. But predictability is also about creating a process that will help developing countries make the best use of this information and plan their climate actions accordingly.

As the second week of negotiations begins, ECO encourages negotiators and the co-chairs to focus on the things all Parties agree on. It seems, based on discussions on the SBI and on the APA, that all Parties agree on one thing: Developed countries should prepare robust and complete biennial submissions on the strategies and approaches. ECO encourages all developed countries to submit them as early as possible. However, countries still need to agree on how this information will be used and communicated in a way that builds trust among Parties.

ECO would like to propose some preliminary suggestions:

1. Parties could explore how the information related to predictability can inform important moments related to finance, such as the High Level Ministerials or the long term finance workshops.

2. Parties could mandate the Standing Committee on Finance to explore how information related to Article 9.5 can feed into the data used in preparation of the Biennial Assessments.

3. Parties are requested to submit their Biennial Reports to the Secretariat every two years under decision 2/CP.17. It could be ideal to link this process to Article 9.5 of the Paris Agreement.

4. Parties could request the APA co-chairs to explore how Article 9.5 of the Paris Agreement can be linked to the Global Stocktake (GST). The GST is a process that can benefit from Article 9.5, specifically on predictability of finance, as it is the place where we assess the collective progress of the Paris Agreement. Information on predictability would ideally cover the expected levels of provisions and mobilisations of climate finance from different sources, programmes, and priorities — considering a balance between mitigation and adaptation.

Progress by COP24 would mean ensuring 9.5 is fully operational, and for that we need the full cooperation of all countries that wish to enhance the ambition of the Paris Agreement.

Remember Talanoa

Yesterday, 105 non-Party stakeholders and 210 Party representatives came together for the Talanoa Dialogue. Fighting negotiation fatigue, vitamin D deficiency, and hangovers from the CAN party the night before, these gallant individuals approached the dialogue with open hearts and minds. Luckily, ECO could follow along remotely – listening to all 7 work-streams addressing each of the 3 core questions of the Talanoa Dialogue: where are we, where do we want to go and how do we get there.

We heard about the desperate need to protect those most vulnerable to the impacts of climate change through enhanced mitigation ambition and greater support. We heard the frustrations at the pace and scale of action and support. We heard calls for action from all sectors of the community – governments, cities, businesses, scientists, indigenous peoples, youth, and civil society. We also heard inspiring stories of how challenges have been overcome, the actions that are occurring and of the willingness to do more. Finally, we heard a strong collective call for leaders to step up and turn this Dialogue into action at COP24.

ECO would like to congratulate all participants on their willingness to open up and share stories in the spirit of the Dialogue. While new to many of you – it is important that we all open ourselves to new experiences and ways to communicate and build bridges. The Paris Agreement will only be successful if we are willing to embrace the collective challenge we face and move forward together. As the urgency to act increases and expectations ahead of COP24 intensify, remember the stories you heard in the room on Sunday.

Supporting Civil Society and Civil Rights in Katowice

ECO congratulates Mr. Michał Kurtyka on his nomination as the COP24 president and looks forward to the opportunities this week brings for Parties and civil society to meet the upcoming presidency. With high stakes for this year's COP – both in relation to the level of ambition and to the implementation of the guidelines, the Polish leadership will be key to the success of COP.

Yet, one of the first steps taken by Poland during the process of organising this coming COP was the adoption of a law containing provisions seeking to curtail civil and political rights in relation to the event. This law authorises the police to violate the privacy of all COP-24 participants, as it usually would only be authorized to do for people suspected of crime. Additionally, the government imposed an exceptional ban on any spontaneous manifestation during the COP.

The issue is so serious that several UN institutions have questioned the Polish government as to whether the law passed by the Polish parliament and approved by the President was compatible with the obligation of the country in relation to respecting the rights of civil society.

ECO recognizes the importance for the Polish presidency to guarantee the security of all COP participants and trusts that the Polish government will adequately deliver this by building on their previous experiences in Poznan and Warsaw.

But the criminalization of civil society participants to the COP undermines the rights of the delegates gathering in Katowice to seek solutions to the climate crisis and will harm the process. The meaningful participation of civil society to COP24 is not a threat to the process but a key to galvanize sufficient political momentum and public support for adequate COP outcomes.

ECO hopes that Parties sharing this belief will raise the issue with the upcoming presidency – including during the briefings to be held this week.

G77 Paves the Way for Robust Climate Finance Accounting

For too long donor reports on climate finance have been based on a mishmash of approaches and some questionable methodologies. This resulted in over-counting support in many donor reports. Reaching an agreement on a new set of rules at COP24 presents a long overdue opportunity to address this and build confidence that the US\$100 billion commitment will be met in a fair and robust way.

ECO congratulates the G77 on providing a comprehensive, clear, and constructive submission which can help pave the way for an agreement on accounting standards. Importantly, the submission includes a proposal that Parties shall report both the face value and the grant-equivalent of their climate finance, as well as proposing that only the grant-equivalent shall be counted towards climate finance obligations.

This is a major point because a high proportion of climate finance is provided in the form of loans, which most donors are counting at face value. According to Oxfam's recent analysis of 2015-16 numbers, loans are estimated to be 2/3 of overall public climate finance. The fact that they are being counted at face value is overstating the net assistance to developing countries by around an estimated \$20 b per year (2015-16).

The Third Biennial Reports shows that France provided only 7% of its climate finance as grants, Spain 18%, Germany 36%, and Japan somewhere between 8% and 28%. Reporting the non-grant instruments at their full-face value means donors supplying a high proportion of loans can claim credit for providing more climate finance than they are, in comparison to countries providing mainly grants – such as the UK, the Netherlands and Sweden.

For aid spending, donors have already agreed on headline ODA figures to be reported on a grant-equivalent basis from next year. Rules for reporting to the UNFCCC need to follow suit. If counting loans at full-face value is no longer deemed acceptable for aid, then it should not be acceptable for climate finance either.

Like a Job Interview — Uncomfortable but Full of Opportunities

We can see you're a little nervous, jittery even.

During the first week of negotiations, APA item #5 on the enhanced transparency framework discussed the facilitative and multilateral approach to progress and whether the registered observers would be allowed to contribute and provide added-value to the process by posing questions to Parties.

ECO believes it's important to allow observers to engage in the process and raise questions during the enhanced transparency framework process. ECO thinks there should be a space for observer organizations to reflect on Party submissions to provide another perspective in order to further promote transparency and to incentivize implementation and overachievement.

It will be like a super short job interview: just a few quick questions. We know that job interviews can be nerve-wracking and uncomfortable. But, there's really no reason to shy away from it. Especially if it's an opportunity to have a conversation with civil society and get to know each other's perspectives in order to build a basis for a long-term relationship.

Let's begin with a few quick questions on your transparency reports. You will have already gone through the technical expert review and addressed questions from the other Parties. So what's so scary about a few additional questions? We just want to know that you're up to the task of climate action!