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MRV: Clearing the Finance Fog

When \$30 billion is not \$30 billion

- As many delegates would have expected, ECO has had a close look at the delivery of Fast Start Finance as that period comes to a close this year. Apart from the fact that the large majority of finance is not new or additional, ECO also noted that countries pretty much made up their own rules in terms of what to include in their reporting. The US, for instance, included money for food security programmes as adaptation, and they also included export credit finance (which has an air of subsidies to US companies). Japan included billions of dollars in private finance towards their pledge. In a situation like this, ECO finds it really hard to meaningfully compare countries' performance based on their reporting. ECO now understands how developing countries must feel in their search for trust (and money), which this process is both in such short supply of. As the finance period post-2012 is about to start, the finance fog needs to be cleared.

How to ensure \$100 billion is indeed \$100 billion - Luckily, ECO sees light at the end of the tunnel. Progress can be made on two fronts

in Doha. On the one hand, the LCA could agree on what finance flows can be legitimately reported as support to action on mitigation and adaptation in developing countries. This discussion has been cleverly avoided for several years. As we break into a new era of finance (ECO hopes everyone agrees), only finance that is additional to efforts to meet existing aid promises should count. To reflect the true contribution of developed countries underpinning repayable loans, only their grant equivalent should count, and in any case only the climate specific support within a financed programme. In the case of leveraged private finance, only the demonstrable effort made by developed countries should count. If our MRV delegates find it too difficult to sort all this out in detail in Doha, the Standing Committee should be tasked to look at what climate finance meets the agreements made under the Convention.

Also at this COP, SBSTA is considering a Common Tabular Format for reporting (CTF), including reporting finance. While not precluding agreement eventually made on what counts as climate finance, the tables

provide opportunity to improve transparency. ECO has gained a bit of experience from looking at Fast Start Finance and would conclude that any CTF tables agreed in Doha need to be robust enough to set us on the right footing to create greater trust between Parties, make sure that finance flows in more transparent ways, and that actions supported can be verified by both developed and developing countries. To do this, the CTF tables for finance need to include listings of financed actions, what their relation is to existing 0.7% aid commitments, what the climate specific amount is and should also request clarification on the grant equivalent of finance in the case of loans, guarantees or other non-grant financial instruments. By the way, private finance should not be included alongside public finance reporting. Developing countries need predictability on finance flows in the coming years. Fast Start Finance has shown us that big commitments alone do not deliver. Reassuring us that there will be no more accounting tricks is also a crucial step towards filling the finance gap.

LCA's Final Boarding Call for International Transport

Today parties have their last and best chance to make progress on addressing emissions from international shipping and aviation, already contributing to more than 5 percent of global emissions and growing faster than any other sector. More than 15 years of negotiations in three UN bodies, including the UNFCCC and the sectoral bodies IMO and ICAO, have produced very little, especially regarding progress on market-based measures (MBMs) that can incentivise emissions reductions while generating

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Transport continued

significant financing for mitigation and adaptation in developing countries, as well as for efficiency measures within these sectors.

The principal stumbling block has been disagreement on how to reconcile the UNFCCC's principles of common but differentiated responsibilities and respective capabilities (CBDRRC) with the principles and approaches in the IMO and ICAO, based on global approaches with equivalent treatment on all ships and aircraft, anywhere in the world. Technical work on exploring options for putting a price on carbon in these sectors is well advanced, but lack of agreement on how to reconcile the different principles is blocking progress.

Today the LCA spin-off group on sectoral approaches will consider text that addresses exactly this issue, and one text option on the table could hold the key to breaking this long-standing deadlock. Singapore has proposed a short elegant text that can provide the basis for a useful guidance to IMO and ICAO. Parties should simply agree here under the UNFCCC that measures to tackle emissions in these sectors under IMO and ICAO should be pursued through global approaches based on the principles of those bodies, while also taking into account UNFCCC principles, including CBDRRC, with perhaps direction on how – for example through the use of finance. This might be a simple solution that could be a great leap forward for these crucial sectors.

Think about it!

Dear Canada,

Do you remember last year? We do. ECO desperately hoped the hallway rumours of a Kyoto withdrawal weren't true, but the second your Minister left the fine city of Durban, he confirmed your reckless abandonment of the only legally binding climate treaty we have. Little birds from around the world are telling ECO that this promise-breaking probably has something to do with those vast pits of tar sands you are so hooked on, the same ones that are undermining all of your domestic climate goals.

ECO knows you are still technically allowed in the Kyoto room, but please don't touch that microphone. When you jumped ship on the first KP term as it hit the home stretch, you drowned what little credibility you had left. As a matter of principle you should sit silently in the back like the bad kid in the class who has been told to be quiet until they learn how to behave. There are well-intentioned Parties in the room that are trying to move forward to solve the climate crisis, so please just back off. You don't want Kyoto and we suspect, as a result, it doesn't want you either.

Love(?),

ECO

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UAE Aims To Impress

Yesterday the halls of COP 18 in Doha were abuzz because of an announcement by the UAE during the meeting of the ADP. The Gulf state announced concrete actions it would be taking in order to do its part in reducing climate change.

The UAE announced that they will open a 100 megawatt (MW) plant this year using Concentrated Solar Power (CSP), while also preparing for another 100 MW using Photovoltaics (PV).

This is exciting news considering that the UAE belongs to a set of countries that have not historically been responsible for comparatively large total emissions. The Arab world in specific is currently only responsible for a fraction of total world emissions and is still flagged as a developing country region.

The UAE has already been one of the more active countries in the re-

gion in renewable energy. In recent years it has shown a drive to improve its infrastructure in many regards and the energy generation sector is no exception.

The examples to this are numerous, such as increased solar energy (including a solar roofing pilot program), and wind energy generation adapted to the weather of the region. Several mass transit projects, such as the Dubai and Abu Dhabi metros, and the countrywide rail system, are underway. Following through in the transportation sector, several gas stations in the capital are involved in the initial phases of a drive to retrofit vehicles to use liquid petroleum gas.

ECO hopes this latest announcement in COP18 heralds much more to come. ECO remains cautious, however, since the UAE announced as well that it would be adopting nuclear energy and carbon capture and sequestration (CCS) in order to

reach its mitigation goals. CAN does not condone this last announcement and would strongly encourage the UAE to disregard this path and instead focus on their very promising renewable energy mix.

The UAE would do itself and the world a great favor by voluntarily pledging to commit to reducing climate pollution and by pledging its already existing mitigations actions. Such a gesture will cement the UAE's active stance on climate and hopefully encourage other countries to take similar pledges, and will push developed countries to take binding commitments.

This message has already been communicated to them by the Arab Youth Climate Movement (AYCM) and Greenpeace.

ECO remains hopeful that this move by the UAE can serve as a catalyst for regional change.

ECO Photo Corner

Modern technology is great. Developed countries can now contribute finance to develop National Adaptation Plans (NAPS) in LDCs via credit card. This should speed up the process.

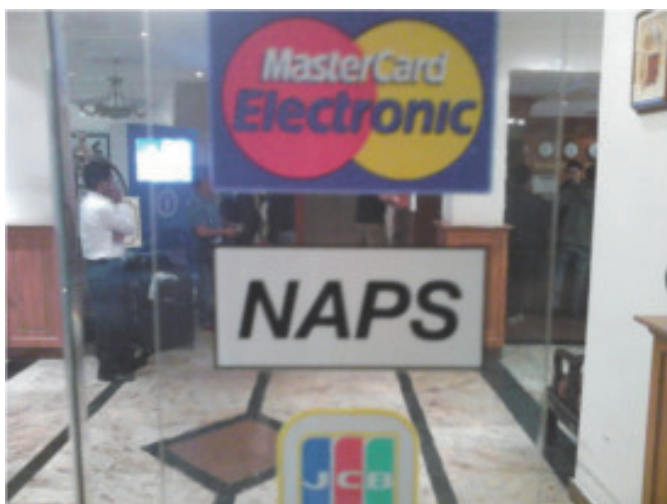


Photo Credit: Sven Harmeling

Well, at least they're honest.

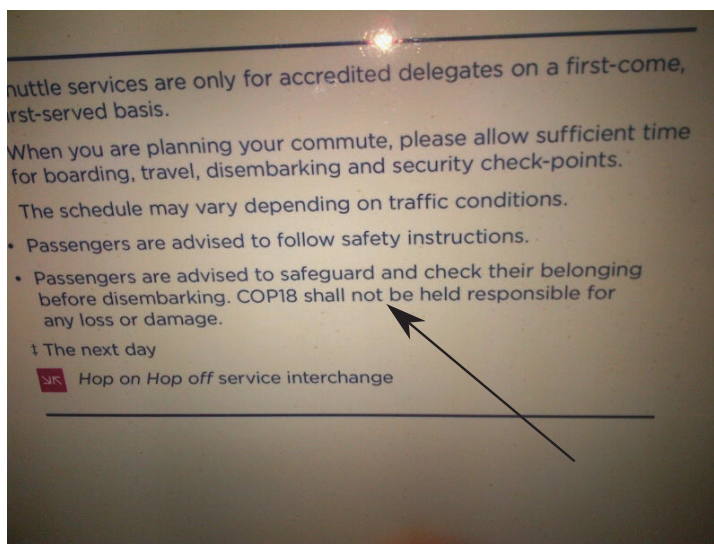


Photo Credit: Becky Chacko

**See any great images during the negotiations? Send us your best photos!
First prize is a free copy of ECO every day until the end of COP!!**

Flying Blind?

The world is now watching whether the freshly re-elected Obama administration will take renewed interest in tackling climate change, and put some effort into bringing Congress along with him. This week he signed a bill from Congress aimed at blocking US airlines from complying with EU emissions regulations for flights into and out of the EU. The bill amounts to chest thumping as it provides no new authority to the Administration to take any meaningful steps. In fact, if they did anything with the law it would likely lead to a trade war, a taxpayer funded bailout, or a screeching halt to efforts to secure a global agreement. The EU created the regulations only after its efforts to pursue emissions in ICAO, the UN organization responsible for

the aviation sector, came up against "15 years of intransigence and doublespeak," as one informed observer put it.

But the signing of the bill could be water under the bridge if the US now throws its weight behind a strong agreement under ICAO to control emissions from the global aviation sector. There are some signs this could happen. The EU has agreed to suspend its regulations for one year, which should create a more constructive negotiating climate. Upon signing the bill the White House issued a statement that it: "remains focused on making progress in reducing aviation emissions through...the International Civil Aviation Organization (ICAO)." An aviation industry body said that

Obama's signing expresses "a steadfast commitment to the right way — a global sectoral approach at the international level". That would indeed be good news, as a global agreement on strong measures to control aviation emissions, including putting a price on carbon emissions from the sector, is exactly what is needed. Such a measure can be designed to generate climate finance for developing countries, while addressing equity concerns and respecting the principles of the UNFCCC. Will the US announce support for such a proposal when Mr. Stern arrives? Will the US declare their intention here in Doha, and then fight for such an agreement at ICAO next year?

ECO certainly hopes so.

The First Place Fossil is awarded to Canada, who has capped support rather than emissions. Newsflash! This just in from the Canadian Environment Minister! Developing countries need to just take a deep breath and wait until we have an all-in global deal before they should expect any support from Canada to move towards a clean energy future through the Green Climate Fund. In talking to reporters yesterday, Canada's environment minister took a moment to tell journalists that he would 'make it clear' at the meetings in Doha that developing countries shouldn't expect more money towards climate financing from Canada, because after all, Doha "isn't a pledging conference."

Thanks for clearing that up, Minister! We are sure that that will do wonders for your stellar credibility and reputation at these talks. Thankfully the Minister IS coming to Doha with at least one commitment: Canada is still firmly committed that tar sands emissions will rise far beyond the 2 degree climate limit.

World to Canada: You are supposed to be ramping finance up and emissions down; not the other way around!"

The Second Place Fossil of the Day goes to New Zealand, again, because not only did Wellington deliberately decide not to put its target into the second commitment period of the Kyoto Protocol, but today proposed that access to the CDM should be open to all and should not depend on whether a country is signing up to a second commitment period. To make it clear, New Zealand



and pointed out that otherwise the Adaptation Fund will not have enough money to keep functioning. Come on Kiwis, forget about the hobbits and think about your neighbours! You have to be serious... if you want to feast on carbon markets you have to work up your targets first!

The United States gets the Third Place Fossil for once again rejecting strong measures to reduce greenhouse gas emissions. Yesterday President Obama signed a misguided Bill coming from Congress aimed at preventing compliance of US airlines with EU regulations, for flights into and out of the EU. If Congress doesn't like the EU approach, we hope they realize the only alternative is a strong multilateral agreement. We urge Obama to reject any approach based on isolationism, and take this bill as a green light to pursue a strong multilateral agreement for the global aviation sector, including putting a price on carbon, and to lead the way a strong and binding global climate agreement under the UNFCCC.

