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eco

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NON-EXISTENT ISSUE

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Something really WAS rotten in Denmark

To lead or not to lead: that is the question

In recent days, rumours have been flying and clouding the negotiations, but now it's out in the open: the infamous "Danish text" has seen the light of day. For long we have been told that there is no such thing as a Danish text, but *ECO* now understands, as does the world, that there was indeed a text that was meant as a substitute for a real agreement. What's also clear is that the process for developing it was fatally flawed, and as often happens with a flawed process, this one exploded in the hands of its maker. It is now time for Danish Prime Minister Lokke Rasmussen (pictured) to learn the lesson and move on.

Meanwhile, Connie Hedegaard's first words in her speech in the opening plenary were: "I will listen and I will be transparent". Could there be something less rotten to be expected in Denmark?

ECO expects the Danish Prime Minister to lock it up and hide away the key. And let us allow the negotiations to continue as a transparent and open process in which all Parties, including the most impoverished and vulnerable countries, have a voice that cannot be ignored. With the voices of the vulnerable countries in the choir, we have a far better chance of getting a fair, equitable, ambitious and binding outcome.

The leaked text is neither fair, nor ambitious. Further it would not deliver on the finance or technology needed in support to developing countries. The document that has now seen the light of day has another fatal flaw – it isn't a credible stepping stone to a legally binding outcome.

The Danish text has given us a warning of how ugly it can get, when countries begin to negotiate with each other in the wrong direction. *ECO* looks forward to a new day, where negotiators and ministers challenge each other to achieve a truly fair, ambitious and binding agreement.

The French connection on adaptation

The French Minister for Sustainable Development, Jean-Louis Borloo, made a strong statement last Monday on helping the most vulnerable countries adapt to the impacts of climate change. He proposed a Climate Justice Fund of US$600 billion to be spent at a rate of US$60 billion per year for ten years, or US$30 billion per year for 20 years. This would be in addition to the €100 billion per year by 2020 that European Union (EU) leaders recommended last October.

He made it clear carbon markets and the private sector were not options to deliver on adaptation. Instead, options such as a tax on financial transactions and bunker fuels were favoured by the French government.

While this proposal is welcome, Borloo's plan is unfortunately not clearly defined with few links to the official European or UNFCCC processes. And while the numbers look ambitious, Borloo needs to clarify whether these funds would be additional to Official Development Assistance (ODA) targets.

The announcement clearly took his European colleagues by surprise. It remains to be seen if the EU summit starting on Thursday will endorse France's ambition on long-term finance and help the EU to come up with a stronger proposal in time for the Copenhagen end-game negotiations. Climate Action Network has called for developed countries to contribute at least US$195 billion per year by 2020 ($95 billion per year to reduce emissions, and $100 billion per year to adapt to climate change impacts). *ECO* urges President

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CDM reform on governance

Reform of the Clean Development Mechanism (CDM) will focus on crucial amendments such as regional distribution, efficiency of the operation and inclusion of forests in exhaustion, and carbon, capture and storage (CCS) as CDM project activities. While every one of these topics deserves to be addressed here, *ECO* will only review the amendments related to governance.

Claiming to improve governance of the current CDM, the reform agenda includes the possibility of revising procedures for registration and issuance requests of CDM project activities as well as the initiation of an appeal procedure against Executive Board (EB) decisions. Nice, but is this really governance? The World Bank refers to governance as follows: "Good governance is epitomised by predictable, open and enlightened policy-making, a bureaucracy imbued with a professional ethos acting in furtherance of the public good, the rule of law, transparent processes, and a strong civil society participating in public affairs. Poor governance is characterised by arbitrary policy making, unaccountable bureaucracies, unenforced or unjust legal systems, the abuse of executive power, a civil society unengaged in public life, and widespread corruption."

ECO is uncertain whether the EB has understood the concept of (good) governance. To make this clear, members of the EB often take on multiple roles at the same time. They include UNFCCC negotiators representing their countries' designated national authority (DNA) or managers of large government CDM purchasing programmes. Although members should act in their personal capacity, there are severe concerns about their conflicts of interest. Recently, the *New York Times* (*NYT*, April 7, 2009) had reported that some Board members abused their role and aggressively promoted projects that benefitted their home countries. To address this critique, the Board has recently adopted a code of conduct that suggests each Board member will "exercise personal discretion in deciding whether s/he has a real or perceived conflict." Wait, doesn't this mean that everyone can make up their own definition of a conflict of interest?

The operation of the CDM in this current biased form is unacceptable. Furthermore, should the CDM EB rule over CDM projects and even sectors and critical technologies such as CCS in the future? The current institutional set-up would especially be inappropriate to assess and approve reference levels for sectors under a potential sectoral crediting mechanism or to act as an appeal body against EB decisions. It should go without saying that these tasks can only be conducted by an independent authority under the CoP.

Good governance is the key for the creation and implementation of public policy. A lot of work needs to be done: the independence and immunity of Board members need to be guaranteed. The highest level of transparency in decision making needs to be established involving clarity about reasons for all decisions and abolishing the culture of secrecy of closed Board meetings. Ultimately, the overall participation of civil society needs to be strengthened in the process. In the industry dominated stakeholder environment of the CDM, environmental integrity and good governance can only be guaranteed by granting an active role to civil society, equal to that of project participants.

FOSSIL OF THE DAY AWARD

First Place – Ukraine

Ukraine won first place yesterday for having the single worst carbon emissions reduction target in the world: a -20% reduction from 1990 levels, which means a 75% increase from current levels. The semi-technical term for this sort of "reduction" is hot air. It is this hot air that was sold to Japan; it is this kind of hot air that is boiling the climate .

Second Place – The Umbrella Group

(Industrialised non-EU countries: Canada, Iceland, Japan, Kazakhstan, New Zealand, Norway, Russian Federation, Ukraine, United States and Australia.)

The Umbrella Group was fossiled for proposing in yesterday morning's SBSTA plenary that carbon capture and storage (CCS) projects should qualify as CDM projects. The CDM should be reserved for projects that move developing countries towards actual clean energy solutions. Umbrella Group, good luck capturing and sequestering your fossil award!

Third Place – Ukraine

Ukraine also won third place – and its second Fossil of the Day – for refusing to tell anyone how it is using its money from selling emission credits. Ukraine has sold Japan €300 million worth of emission permissions. It is required by its own treaty obligations to explain where that money is going. But when Ukraine's NGOs asked the question, their government refused to answer. The transparency fight is now in court.

Fast-track financing

While there have been positive developments at the recent Adaptation Fund Board (AFB) meeting, funding needs to be allocated and delivered at this COP!

The Adaptation Fund is already special: Its innovative features include priorisation of most vulnerable people, increasing developing country ownership and a funding mechanism that creates money additional to Official Development Assistance (ODA) targets. These features cannot even begin to be compared with other climate funds.

ECO is pleased to report that at its eighth meeting the AFB continued its (unexpected) good pace towards full operationalisation. It issued an invitation to developing countries to nominate National Implementing Entities (NIEs). This will help implement another of its innovative features – direct (funding) access by developing countries.

Further, the AFB accepted the offer of the German government to be the fund's host country. This means the AFB will soon have its own legal capacity. The AFB also held discussions on the future results-based management framework, another important element in a credible funding system.

Though no money has flowed so far, a call for proposals is expected to sent out to Parties in early 2010 with the first projects to be approved soon after.

The AF as it is developing has the potential to become the central institution for long-term adaptation funds under the Copenhagen agreement. Just additional fast track funds need to be put into the pot. However, channelling repackaged non-additional money through inappropriate institutions would be serious back-tracking.

– The French connection, from front page –

Nicolas Sarkozy to announce France's pledge on finance and to take the lead on this issue.

ECO would like to see more coherent work from France. While Borloo clearly affirms that France is pushing to move up to a 30% emissions reduction target, it is worth noting that France, Poland and Germany were the main stumbling blocks on this issue during the preparation for the EU Council meeting. While Borloo said that France will achieve its target mainly at the domestic level, there is however no concrete progress on this item in Brussels. Is it a case of two European cities, two messages?