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Special COP21 edition

Watch This!

NGO Voices on climate finance & carbon markets

In this issue

Editorial

Dear network members, dear readers, dear friends,

Welcome to this very special COP21 edition of our NGO newsletter "Watch This! NGO Voices on Carbon Markets and climate finance"!

The Paris Agreement must be an ambitious, unified agreement and we, together with many other civil society groups from countries around the world, are here to remind negotiators about their responsibilities to make this happen.

In this Watch This! Edition, you'll find Carbon Market Watch's main recommendations and our top priorities for COP21. Issues covered range from the need to avoid hot air to ensuring that human rights are integrated into the agreement. This edition also features a calendar of our events during COP21.

We also discuss the latest developments around the Clean Development Mechanism, the Green Climate Fund and Nationally Appropriate Mitigation Actions (NAMAs). Finally, we are delighted to have a feature about local public participation by Paryavaran Mitra based in Gujarat, India, a member of our network.

Happy Reading!

Pierre-Jean Brasier, Network Coordinator

Watch This! NGO voices on Climate Finance and Carbon Markets appears quarterly in English, French, and Spanish with campaign updates and opinion pieces from around the world. Any comments or article ideas? Please get in touch with pj.brasier@carbonmarketwatch.org

A glimpse at the future of carbon markets

By Eva Filzmoser, Director of Carbon Market Watch

As we are approaching the Paris climate negotiations, several major discussion items remain at the centre stage of the discussion, such as how to design the ambition mechanism, how to accelerate finance, and what role will loss & damage play. However, since the latest Bonn negotiations, several proposals regarding the use of carbon markets have been introduced into the negotiation text that – if not designed carefully – may significantly undermine the Paris agreement.

Only very few countries have outlined in their Intended Nationally Determined Contributions (INDCs) that they will use international trading to count towards their climate goals. From the industrialised countries, only Switzerland, New Zealand and to a certain extent Norway have indicated the use of markets under the Paris climate treaty. Others, such as the US and the European Union have submitted purely domestic climate plans. On the other hand, numerous developing countries have announced interest for an international carbon market to play a role in the future. Several countries, such as Albania, Barbados and Togo, suggest continuing generating offset credits and others, such as Cabo Verde, Ghana, Mexico and Uganda plan to achieve their conditional pledges with the use of markets.

Expectations related to the role of carbon markets in the Paris Agreement

UNFCCC ADP session, October 2015, Bonn

Summary

Going into Bonn, the Paris draft treaty text has been successfully shortened down to 20 pages, including the draft agreement and accompanying draft decisions. While this reduction in size is a positive step towards approaching the future climate treaty, some important elements went missing, and this session offers Parties the chance to repair such oversights. Some of the lost elements include:

→ **Environmental integrity standards** for possible use of carbon markets post-2020
→ Rules to **avoid double counting** of internationally traded units
→ Rules to **avoid the build-up of hot air** in the 2015 Paris agreement
→ Promoting **early action** while upholding environmental integrity
→ Ensuring international **aviation does its fair share** towards the 1.5C goal
→ **Robust language on Human Rights** in the operative part of the core agreement

A possible role of carbon markets post-2020 while ensuring environmental integrity

Only a few countries have outlined in their INDCs that they will use international emissions trading to count towards their climate goals. It is in many ways positive that countries like the EU and US are focusing on domestic emission reductions. To reach the needed goal of near-complete decarbonization by 2050, the focus must not just be on international carbon trading but in effecting structural changes towards zero carbon infrastructure, progressing efficiency gains and achieving 100% renewable energy. The supplementarity principle is an important one to ensure that decarbonization is indeed being achieved.

Despite the limited role of markets expressed in INDCs, the political reality regarding domestic carbon pricing schemes looks different: jurisdictions responsible for 40% of the global economy have already implemented carbon pricing mechanisms and recently China announced that it will roll out a national carbon market from 2017 onwards. More and more countries implement carbon pricing mechanisms as a way to reduce their greenhouse gas emissions and make the polluter pay. Whether domestic markets have plans to link up to enable international trading in the future is still uncertain but already being discussed.

The draft Article 9 (transparency) para 6 hints on a possible use of markets by stating that the CMA shall at its first session, building on lessons learned and elaborating on the provisions above, adopt modalities, procedures and guidelines, as appropriate, for promoting environmental integrity, *"taking into account the need for flexibility in the light of capability."*

Despite the limited role of markets expressed by developed countries in their INDCs, the political reality regarding domestic carbon pricing schemes looks different: jurisdictions responsible for 40% of the global economy have already implemented carbon pricing mechanisms. Despite its domestic nationally determined mitigation commitment (NDMC), the EU is currently negotiating linking its Emissions Trading System with Switzerland with a view to a global carbon market at a later stage. China is currently fleshing out the rules for its national carbon market from 2017 onwards and also in the Americas, carbon markets have been developed in California and Quebec and could be expanded through linking to other regional emissions trading schemes, depending on the US presidential elections next year.

Read our detailed recommendations for COP21 by following the link - http://carbonmarketwatch.org/recommendations-for-cop-21/

The latest Bonn negotiations have significantly changed how carbon markets are being discussed. There was initially no mention of them in the draft treaty text, however, 2-5 pages of language proposals for carbon markets have been added. Article 3 (mitigation) includes key principles, such as avoiding double counting, ensuring that "mitigation outcomes" are "real, permanent, additional and verified", and ensuring that carbon markets are "supplemental to domestic action". A paragraph on "cooperative approaches" is expected to allow countries to achieve their pledges jointly by linking their emissions trading systems. Paragraphs have been added for a "mechanism to support sustainable development" (Article 3ter) paving the way for the continuation of a revised version of the CDM or a New Market Mechanism. The establishment of a new "REDD-plus mechanism" (Article 3bis) is proposed separately. The accompanying draft decision text includes several paragraphs (para 30 and 34) on technical elements for implementing the treaty principles.

While there are well known concerns about the effectiveness of carbon markets, there is also a risk that the absence of clear rules would allow countries to implement carbon markets without harmonised standards, necessary safeguards, and international oversight.

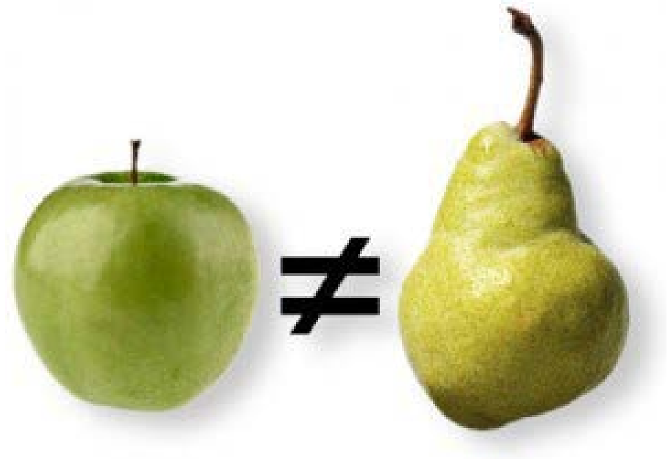
While there are well known concerns about the effectiveness of carbon markets, there is also a risk that the absence of clear rules would allow countries to implement carbon markets without harmonised standards, necessary safeguards, and international oversight.

To avoid that the use of carbon markets undermine the Paris agreement, the Paris climate treaty must include the following key principles for the use of markets:

- **Ensure supplementarity of carbon market use on top of nationally determined mitigation commitments**
- **Ensure that carbon offsets are real, permanent, additional and verified**
- **Avoid the trading of hot air trading**
- **Avoid double counting of efforts**
- **Avoid double counting of financial flows and mitigation commitments**
- **Contributing to sustainable development**

Is all carbon created equal?

By Kat Watts, International Climate Policy Advisor at Carbon Market Watch



One of the reasons climate change is so difficult to address is the sheer range of sources and sectors that contribute to the problem. Some policies and measures are targeted to address certain sources, but one of the perceived advantages of carbon markets is that they allow a number of sources to be bundled under one policy and then allow the market to identify the lowest costs for reducing emissions.

While this may be an appropriate way to deal with certain industrial sectors, policymakers have often brought biological emissions (emissions from animals and plants) into the same market, treating them as equivalent to fossil emissions (manmade burning of fossil fuels), as "a tonne is a tonne" and it's "what the atmosphere sees". It is often done so on grounds of political expediency, to overcome the resistance to decarbonisation from vested fossil fuel interests. However, the two sources of carbon - fossil and biological - are not scientifically interchangeable, or 'fungible'.

This is because the snapshot view of carbon fluxes - looking at only what the atmosphere sees - ignores the different dynamisms in the carbon cycles of fossil and biological carbon.

The fossil carbon found in fossil fuels was mostly laid down in the carboniferous period 359.2 to 299 million years ago, and is only now being released through human action – burning fossil fuels. The process for carbon to be stored geologically takes place on geological time scales. In other words thousands to millions of years!

In contrast, the shifts in quantities of carbon in the biosphere (the surface and atmosphere of the earth) operate over much shorter timescales than the geological ones, allowing rapid emissions to occur through land use change, fires, insect attacks, and reactions to rising temperatures.

In addition to the basic differences in the timescales of the two types of carbon, there are land area limits to how much land can be used to absorb fossil carbon. Furthermore, increases in carbon in the biosphere affect nutrient flows needed for plant life, especially nitrogen. This has the potential to affect plant life generally and eventually worsen climate change.

Another reason why relying on biological sinks (conserving and planting forests to store carbon) to offset fossil carbon is a bad idea is the issue of permanence: The IPCC has noted that "Carbon stored in terrestrial ecosystems is vulnerable to loss back to the atmosphere, resulting from increased fire frequency due to climate change and the sensitivity of ecosystem respiration to rising temperatures". In other words, forests are not only stores of carbon but can also release it back into the atmosphere and this process is increased by over emission of greenhouse gases. Not burning fossil fuels is the only permanent means of not increasing atmospheric loading of CO_2.

In reality, action to address emissions from both fossil and biological sources are needed. Humankind needs to end the fossil fuel era as soon as possible, and certainly by 2050. But there is also a biodiversity crisis, where loss of forests and other ecosystems contribute not only to the climate crisis, but also an impoverishment of life on earth.

Beware Hot Air!

By Kelsey Perlman, Policy Assistant at Carbon Market Watch

#BEWARE HOTAIR

An essential issue that must be tackled to ensure ambition in the Paris agreement this December is the fate of 11 billion 'hot air' credits built up through countries submitting low climate pledges and lack of environmental standards in market mechanisms of the Kyoto Protocol (KP). While the solution is simple, convincing some parties of its necessity will be the political equivalent of pulling teeth.

Sometimes, in the never-ending line-up of negotiations for a climate change agreement, we get lost in the details of setting up the system needed to obtain our objective and forget the objective itself: reducing human-induced climate impacts on our earth. Under the Kyoto Protocol, emission reduction targets were set for developed countries. For the first commitment period (2008-2012), pollution permits were allocated to each country, which, if left unused, could be traded to other countries or banked into the following commitment period (2013-2020).

Countries who overestimated their emissions for the first commitment period were left with a large excess of permits that could be sold to other countries for their polluting needs. Additionally, low-quality climate projects that generate credits (one tonne of emission reduction is equal to one credit) have been found to reduce pollution less than the number of credits attributed. Simply put, mistakes of the past have accumulated into a pile of free passes to pollute that equal 11 gigatonnes of pollution. Saying that this equates to real climate action, well, is a lot of hot air!

CAPMAN

go on: www.cap-man.net to help him reduce emissions and save the world !

No carry-over: Preventing the problems of tomorrow

We are approaching the finish line for a new international climate agreement in Paris this December, but the weight of excess hot air credits jeopardises the potential of the agreement to deliver real emission reductions. Fortunately, there is a simple solution. These credits should not be carried over into the compliance period established by the Paris agreement, which starts in 2020. For many Parties, this can be seen as taking a lead-painted toy away from a toddler; it's good for them, but they'll still throw a temper tantrum.

The weight of excess hot air credits jeopardises the potential of the agreement to deliver real emission reductions.

Strict eligibility rules to use market mechanisms

Strict eligibility rules should be put in place so that only parties with ambitious reduction goals are allowed to use market mechanisms. This way we ensure that the new agreement avoids previous mistakes that lead to the build-up of hot air we are currently grappling with. For Parties, as with children, it is sometimes hard to show the benefits that can be reaped by taking more responsibility. It is, for this reason, evident that clear participation requirements must be established to achieve our climate objectives. They'll understand when they're older.

Strict eligibility rules should be put in place so that only parties with ambitious reduction goals are allowed to use market mechanisms.

Why Paris needs to deliver strong human rights language in the core agreement

By Juliane Voigt, Policy Researcher at Carbon Market Watch

Climate change exacerbates global injustice for present and future generations, and poses one of the greatest human rights challenges of our time. In order to deliver for the most vulnerable and marginalized people in the world, Paris must include a strong recognition of human rights in the operative text of the Paris agreement.

Climate change *is* the single biggest threat to human rights in our time! For one, climate change has a significant effect on several human rights, such as the right to safe and adequate water and food, the right to health and adequate housing, and the right to life. On the other hand, certain actions to address climate change can directly result in adverse impacts on human rights. Experience, especially with the Clean Development Mechanism (CDM), has shown that while mitigation actions may be well intentioned, in some cases, they have caused harm to the environment and people.

International law compels to respect human rights when fighting climate change

Addressing this challenge, Parties to the UNFCCC emphasised the importance of respecting human rights in all climate related actions as part of the Cancun agreement in 2010, insisting that "*Parties should, in all climate change-related actions, fully respect human rights*". Moreover, Parties to the UNFCCC are already under an obligation to respect, protect and fulfill human rights obligations as they have ratified international human rights treaties. Therefore, human rights reference in the operative text of the core agreement does not impose any additional obligations of parties. Disappointingly, a closer look at the instruments established under the UNFCCC to address climate change reveals that, so far, the Cancun mandate has been weakly operationalised and enforced.

Parties to the UNFCCC emphasised the importance of respecting human rights in all climate related actions as part of the Cancun agreement in 2010, insisting that "Parties should, in all climate change-related actions, fully respect human rights".

A human rights based approach to achieve real impacts

Integrating a human rights based approach to climate policies is crucial to ensure that activities and projects implemented to address climate change have real and positive impacts for development and do not adversely affect human rights, in particular those of the most vulnerable.

In this context, robust human rights language is needed in the Paris treaty that would guarantee the effective integration of human rights in all climate related actions. This is especially significant as the Paris climate deal will set the framework for a wave of climate adaptation and mitigation activities to be implemented in developing countries. These activities are expected to be financed through various public and private finance flows with the goal to mobilise 100 billion dollars annually starting from 2020.

In particular, the operative part of the Paris climate treaty language should read:

"All Parties shall, in all climate change related actions, respect, protect, promote, and fulfil human rights for all, including the rights of indigenous peoples; ensuring gender equality and the full and equal participation of women; ensuring intergenerational equity; ensuring a just transition of the workforce that creates decent work and quality jobs; ensuring food security; and ensuring the integrity and resilience of natural ecosystems."

Carbon Market Watch will do everything in its power to make sure that the Paris Treaty ensure the protection of human rights in all climate actions!

Robust human rights language is needed in the Paris treaty that would guarantee the effective integration of human rights in all climate related actions.

Will the Paris agreement build on the momentum of SDGs?

By Urška Trunk,
Policy Researcher at
Carbon Market Watch

The new universal sustainable development agenda underlines the need for sustainable development and climate change to be addressed simultaneously through coordinated efforts. It will be on the shoulders of the United Nations Framework Convention on Climate Change (UNFCCC) Parties to keep the ball rolling towards a climate agreement that pursues climate appropriate sustainable development.

In New York, September 2015, all UN Member States committed to a new Sustainable Development Agenda – Agenda 2030 – that includes universal sustainable development goals (SDGs) to address poverty, the need for development, and environmental protection. These goals are applicable to both industrial and developing countries for the period between 2016 and 2030.

SDGs push toward more effective sustainable development

For the first time, the SDGs provide an Agenda which promotes climate-compatible development and creates a common narrative and understanding of both climate change and development as inherently interconnected.

Number of climate change mitigation projects stemming from UNFCCC mechanisms failed to deliver economic, social, and environmental benefits where they matter most – on the ground! This is particularly baffling for projects originating from the Clean Development Mechanism (CDM), reducing emissions from deforestation and forest degradation (REDD+), and Nationally Appropriate Mitigation Actions (NAMAs) which all have an objective to deliver sustainable development.

If implemented, the SDGs could help avoiding any new UNFCCC labelled project with negative impacts, as they provide a push towards a more effective sustainable development that the UNFCCC Parties simply cannot ignore when negotiating the Paris Agreement.

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What the Paris Agreement must recognise

To make sure that SDGs message are taken into account, the Paris agreement must recognise the complementarity of action on climate change with the Agenda 2030. Land, water, energy security, environmental protection, and well-being of human society are all linked. Parties will need to put their money where their mouth is and implement what they have pledged in New York. Only an ambitious agreement that recognises how intertwined climate change and sustainable development are can put the world on the path towards low-carbon sustainable development.

Moreover, it will be crucial for Parties to effectively integrate the SDGs into national climate change planning and implementation. Worryingly, recent research analysis shows that current reduction pledges made by countries through intended nationally determined contributions (INDCs) will fall short of achieving the 2°C target. This means that toning up action at the national level will be essential to meeting targets that the world needs!

UNFCCC Secretariat urges CDM Board to address human rights impacts of CDM projects

By Juliane Voigt, Policy Researcher at Carbon Market Watch

Following numerous incidents of human rights violations related to implemented carbon offsetting projects, the UNFCCC Secretariat brought forward a concept note that urged the UN's Board of the Clean Development Mechanism (CDM) to address human rights violations in the CDM. The Board entered into very lively discussions at its last meeting held in October, but could not agree on an adoption of the presented recommendations despite the overwhelming urge expressed by 98 organizations and individuals in an open letter sent ahead of the meeting.

Open letter to implement UN obligations to respect human rights

9 October 2015

Dear CDM Board members,

We, the undersigned, comprised of 98 networks, organizations and concerned citizens including Members of the European Parliament, from 36 countries, urge you to adopt the recommendations presented to you in the UNFCCC Secretariat's "Concept Note: Improving stakeholder consultation processes"[1] as a critical step towards operationalizing human rights in climate action.

The need for human rights protections when developing and implementing mitigation activities (such as CDM projects) has been recognized by the Parties to the UNFCCC, when they adopted the **Cancun Agreements, Decision 1/CP.16**, that emphasize that *"Parties should, in all climate change related actions, fully respect human rights"* (para 8).

The Clean Development Mechanism (CDM) is often praised for having mobilized billions of dollars of investment and for continuing to leverage private sector investment ten times greater than the public funds allocated[2]. However, hardly any countries have pledged demand for offset credits under the future Paris agreement making the future of the CDM uncertain.

In the post-2020 regime, a potential demand for CDM offset credits might come from the global market-based mechanism for aviation emissions, which is expected to be adopted in September 2016. Given the reputational risks to which airlines are exposed, such demand is expected to require carbon offsets to show how they have complied with international human rights obligations as well as relevant safeguards to identify, assess and manage environmental and social risks.

The latest attempt to counteract the reduced demand for CDM offset credits is the UNFCCC's Go Climate Neutral Now[3] initiative launched on 22 September 2015 that aims to offer CDM carbon offsets to governments, companies and individuals. The UN Office for Project Services (UNOPS) has also stepped in to stimulate demand and has launched a tender to purchase 350,000 CDM carbon offsets. Both initiatives put the sustainability co-benefits of the projects in the forefront but the CDM's rules and procedures do not have the necessary monitoring rules and accountability mechanisms in place to guarantee the validity of such claims.

There may be potential for future CDM projects to receive funding through other climate finance channels in the form of "results-based finance". Many multilateral development banks and institutions, as well as the Green Climate Fund (GCF), apply safeguards and performance standards to help ensure that climate finance does not cause environmental and social harms, including human rights impacts. Yet, the CDM has not adopted safeguards or other mechanisms to prevent human rights violations.

1

[1] UNFCCC Concept Note CDM-EB86-AA-A15
[2] Keynote address by John Kilani, Director, Sustainable Development Mechanisms programme UNFCCC Secretariat, Bonn, Germany, May 2015
[3] Go Climate Neutral Now Initiative

The CDM is one of the flexible mechanisms under the Kyoto Protocol that was designed to promote sustainable development in developing countries and to enable emission reductions in the most cost-effective way. After 10 years of experience with the CDM and evidence that numerous projects had negative social and environmental impacts, the UNFCCC Secretariat made detailed recommendations to the CDM Board to improve the CDM stakeholder consultation processes and provided options to finally operationalize the 2010 Cancun Agreement which "*emphasizes that parties should, in all climate related actions, fully respect human rights.*"

Severe gaps in the current CDM rules

Recommendations come from a concept note drafted on the basis of the analysis of how 46 randomly selected projects have applied the CDM rules in practice as well as the analysis of more than 600 project comments received between 2010 and 2015. Key findings from this analysis show severe gaps in the current CDM rules, including that there are no provisions to address comments on matters concerning human rights and negative environmental impacts. The concept note also found that the CDM clearly lags behind existing safeguards and performance standards widely applied by multilateral development banks and concludes that possible impacts on costs and complexity of these changes are expected to be low.

Ahead of the meeting, 98 networks, organizations and concerned citizen, many being members of the Carbon Market Watch Network, from 36 countries sent an open letter calling on the Board Members to back the UNFCCC Secretariat proposal.

Lively discussions in the CDM Board

Ahead of the meeting, 98 networks, organizations and concerned citizen, many being members of the Carbon Market Watch Network, from 36 countries sent an open letter calling on the Board Members to back the UNFCCC Secretariat proposal.

As expected, the discussions on this agenda item were very lively with diverse views presented by the Board members. Several members of the Board heavily criticized the recommendations of the UNFCCC Secretariat, arguing that improvement would only result in higher costs and complications for the CDM. Others have welcomed the changes as essential for improving the image of the CDM which has suffered as a result of being associated with projects related to human rights violations.

The future of the CDM and role for future climate finance

The CDM could play a crucial role in the implementation of the commitments post 2020 under the Paris agreement, either in carbon trading or as a climate finance instrument. A lot of good quality standards and safeguards are already applied by multilateral development banks and institutions to ensure no social, environmental and human rights impacts are caused by financed projects. So far, the CDM does not have the same level of safeguards as other instruments which makes it hard for this mechanism to be competitive in the future.

The ongoing review of the Modalities and Procedures is providing a gateway to address weaknesses and to bring forward much needed reforms of the CDM and should not fall behind its great potential. The CDM can only be made fit for the future if it is given at hand what it needs to play a continued important role, which clearly includes the establishment of a CDM grievance mechanism and to operationalize the 2010 Cancun Agreement.

Member Spotlight Paryavaran Mitra: Friends of Environment

By Mahesh Pandya, director, Paryavaran Mitra

This section aims at putting a network member under our newsletter spotlight! In this edition, Mahesh Pandya introduces Paryavaran Mitra, an Indian voluntary organization working in the field of environment and pollution issues using environmental laws as an advocacy tool.

You would like to be in the next Member Spotlight?
Contact Pierre-Jean: pj.brasier@carbonmarketwatch.org

capacity building training of NGO workers on CDM issues

Could you please present your organization and the work you are doing?

Paryavaran Mitra is based in Ahmedabad, Gujarat State, India. It is registered as a Non-Governmental Organization working on socio-environmental issues since 1997. We have been especially active in the Environment Impact Assessment (EIA) process making sure that stakeholder consultation (such as Environment Public Hearings) in the State of Gujarat are a transparent and democratic channel to voice public grievances against industrial pollution and disasters. So far, we have studied more than 500 EIA reports and also have sent comments to appropriate authorities for better environment management.

Paryavaran Mitra is working with grass-root activists and organizations to link local reality to national and international policy level developments with regard to climate justice issue. We encourage local people to participate in environmental decision making process whenever possible.

Our goal is: To focus on social injustice, human rights violations and ecological/ environmental imbalance in development projects/process and to try and resolve these issues.

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Can you tell me more about your experience on the Clean Development Mechanism (CDM) and its impacts on the ground, in India?

Paryavaran Mitra has a long track record of scrutinizing CDM projects and the development of environmental regulations in Gujarat. For many years, Paryavaran Mitra and Carbon Market Watch have been cooperating to speak out against problematic CDM projects and their implications for the poor and marginalised in the context of one of the fastest growing economic hubs of India.

We discovered the CDM in 2004-05 while working on a project 0001 *"for GHG emission reduction by thermal oxidation of HFC 23" in Gujarat, India*. The project was earning carbon credits for reducing emissions but had very bad negative impacts on the ground: villagers were complaining about dirty waters in their water sources, crop damaged due to poisonous gases emitted through the unit, etc. We checked the essential provisions regarding CDM projects and found that there was no contribution in sustainable development by this project!

Then onwards we started monitoring CDM projects in state of Gujarat and also started looking for public notices about Local Stakeholder Consultation for CDM projects and also participated in few of them in state of Gujarat. We also organize trainings/seminars for local people, industries and any other audience who wish to know details of CDM projects.

How did you hear about the Carbon Market Watch Network and what are your expectations for the future, regarding the network?

Paryavaran Mitra has a very old connection with Carbon Market Watch. We attended then CDM Watch first workshop in Delhi, India, in 2009, and naturally became member when the network was created.

We hope that the network will expand its association with many other organisations and help them to reach available justice mechanisms at international forum to raise local concerns linked to carbon market projects/developments.

state level meet on public participation on CMW issues

civil society workshop

public meet before public consultation

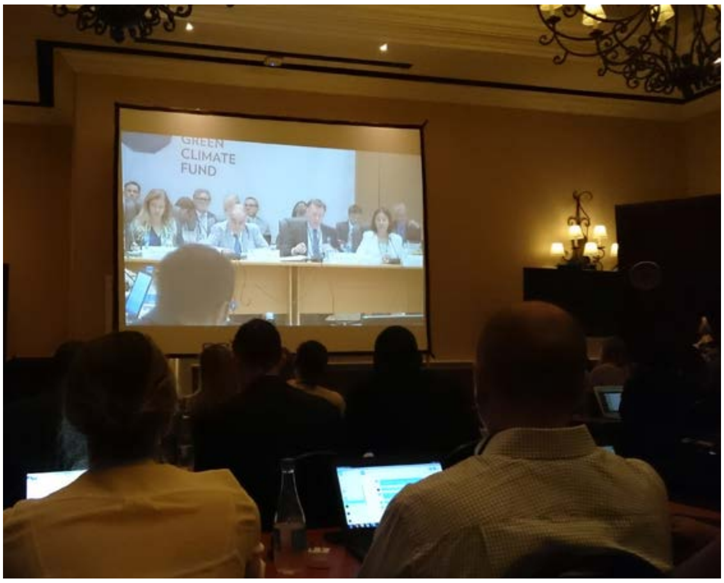
Green Climate Fund Board in Zambia – Key Outcomes

By By Niranjali Amerasinghe
Associate, Sustainable Finance Center, World Resources Institute
This contribution was prepared in a personal capacity

Last week, the Green Climate Fund (GCF) Board held its last meeting before the upcoming climate talks in Paris. The Board approved its first eight projects in support of climate activities in developing countries, marking a major milestone in the evolution of the GCF.

Board approved its first eight projects.

The projects were approved after many hours of discussion within the Board. Several board members raised overarching questions about the process of developing proposals and how the board should prioritize activities for funding purposes. Others noted that it was important to get the first projects funded and address any gaps (such as prioritization and improvements to the review process) by the next meeting. The Board ultimately agreed that overall the first set of projects show promise; however, the Board approved most of them with conditions, such as clarifying consultation processes, finalizing relevant standards or safeguards, and providing further information on business plans and material terms.



Oberver's room during the Board meeting in Zambia

In terms of process, the Board agreed that the process of reviewing and approving projects needs to be more transparent and streamlined. Publishing concepts or proposals early, with public comment periods, creates more opportunities for improving projects and flagging any emerging concerns so they can be addressed before the proposal reaches the Board. For example, in the days leading up to the decision civil society raised several concerns about the project in Peru related to consultation and consent of affected indigenous peoples. These are the types of issues that would ideally be raised in earlier stages of project design; the GCF should revise its current procedures to facilitate early engagement of stakeholders.

The process of reviewing and approving projects needs to be more transparent and streamlined.

The Board also adopted decisions on other important issues, including the strategic plan for the GCF, readiness support for developing countries, and monitoring. On strategic planning, the Board committed to adopting a plan by the next meeting in 2016 – the process laid out for this will include opportunities for civil society input on how best to guide the GCF's work in the years ahead. The Board increased support for readiness activities in developing countries, including through a project preparation facility, which is essential to strengthening national institutions planning undertake climate actions. To date, the GCF has been slow to distribute readiness money, and the Board has asked for improvements on this front. The decision should result in more support for developing country climate planning (that should include involvement of multiple stakeholders) and national institutions seeking to work with the GCF.

On strategic planning, the Board committed to adopting a plan by the next meeting in 2016.

The Board increased support for readiness activities in developing countries.

The Board also adopted a framework for monitoring and accountability, which lays out basic requirements for the entities that the GCF will fund, remedial measures if GCF entities do not comply with standards, and conditions for maintaining GCF "accreditation" status. It is a good first step, but will require more detailed procedures in the year to come. For instance, the framework includes local participatory monitoring, but the specific channels for receiving this information are unclear. It is also unclear how complaints raised through grievance mechanisms will factor into the overall monitoring system.

While the GCF made progress at this meeting and the funding of projects marks a major milestone for the Fund ahead of the Paris COP, it still has a lot of work to do to reach its full potential in supporting low carbon, climate-resilient development in developing countries.

Table 1. Overview of Projects Approved at the 11th Meeting of the Green Climate Fund Board

Project Name	Country	Accredited Entity	Mitigation/ Adaptation	Public/ Private	Funding Approved (USD)
Building the Resilience of Wetlands in the Province of Datem del Marañón	Peru	PROFONANPE	Cross-cutting	Public	6.2
Scaling Up the Use of Modernized Climate Information and Early Warning Systems	Malawi	UNDP	Adaptation	Public	12.3
Increasing the resilience of ecosystems and communities through the restoration of the productive bases of salinized lands	Senegal	Centre de Suivi Ecologique (CSE)	Adaptation	Public	7.6
Climate Resilient Infrastructure Mainstreaming (CRIM)	Bangladesh	KfW	Adaptation	Public	40
KawiSafi Ventures Fund	Rwanda and Kenya	Acumen	Cross-cutting	Private	25
Energy Efficiency Green Bond in Latin America and the Caribbean	Mexico, Dominican Republic, Jamaica and Colombia (initially)	InterAmerican Development Bank	Mitigation	Private	22
Supporting vulnerable communities in Maldives to manage climate change-induced water shortages	Maldives	UNDP	Adaptation	Public	23.6
Fiji Urban Water Supply and Wastewater Management Project	Fiij	Asian Development Bank	Adaptation (note: Board summary document says cross-cutting)	Public	31

Source: GCF/B.11/04, "Consideration of Funding Proposals," and Decision B.11/11

Introducing NAMAs

Nationally Appropriate Mitigation Actions (NAMAs) are a mitigation instrument for developing countries to take part in global efforts towards a long-term sustainable strategy for cutting emissions.

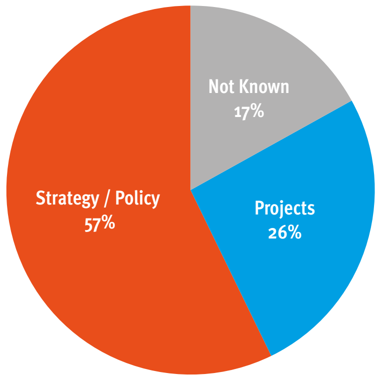
NAMAs exhibit a great potential as they move away from traditional offsetting and focus on developing countries' own contribution to global mitigation and sustainable development. They provide a good opportunity for sector-wide and sub-sector policy based emission reductions. Despite their potentially high prospects to deliver mitigation and sustainability benefits, only a very few NAMAs are currently being implemented.

This is partly due to a lack of financial support but also due to the lack of understanding about NAMA processes. Publicly accessible information about NAMAs is limited and there is little clarity about how and to what extent civil society can take part in the design, implementation and monitoring of NAMA processes, how to enhance sustainability impacts and how to mitigate potentially harmful impacts.

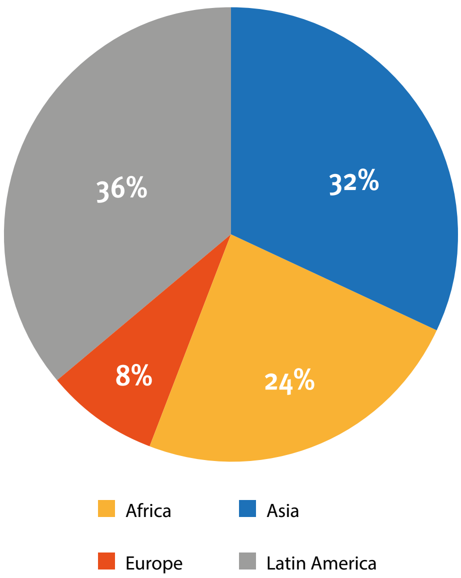
Although NAMA capacity building activities for numerous stakeholders are being undertaken, initiatives aimed at building transparency, awareness and understanding by civil society have so far been neglected. Yet, public participation in all NAMA processes is essential and has numerous benefits: effective stakeholder engagement can ensure sustainable development and the identification of economic opportunities invisible from a top-down perspective. Full participation can also inform NAMA policy processes at the national and international levels and can strengthen governance frameworks, public trust and acceptance.

This is why Carbon Market Watch launched in June 2015 the NAMA Platform, a capacity building program on NAMAs aimed at the civil society. Read our beginner's guide on NAMAs on our website and become member of our network to be subscribed to our NAMA mailing list and to receive invitation to participate in capacity building activities related to the topic (webinars, workshops, etc.). for more information, please contact urska.trunk@carbonmarketwatch.org

Types of NAMAs



Regional overview of NAMAs



NAMAs state of play

NAMA development has increased significantly in the past years, with 30% more NAMAs in development since December 2014. According to the NAMA Database by Ecofys,[1] which tracks NAMA development worldwide, up to October 2015 there were **162 NAMAs at different stages across 51 countries.**

NAMAs are preferably implemented as wide sector policies and programmes with long term objectives. According to the Ecofys, more than half (57%) of all NAMA activities are carried out as part of national policies and strategies, and about a fourth (26%) as projects.

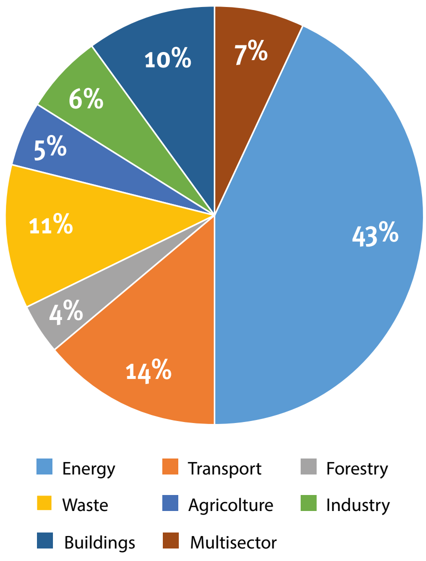
Regionally, most NAMAs are being developed in Latin America and Africa, which both account for about a third. Less than one tenth of NAMAs in development are located in Europe.

Only 13 out of 162 NAMAs are currently implementation phase. These can be found in Latin America (6), in Asia (6) and Africa (1). The remaining NAMAs are still under development. This is largely due to slow pace of finance, scarce capacity and technology available to move NAMAs forward from the development to the implementation phase.

The prevailing sector for NAMA development is energy, which accounts for close to half (43%) of all NAMA development and includes a range of policies and projects largely supporting renewable energy technology (e.g. wind, solar, thermal power, geothermal power, hydro, biomass, natural gas, etc).

This is followed by transport, waste and building sector. There are several NAMAs that address more than just one sector and at the same time target for example agriculture and waste (e.g. generation of bio-energy and GHG mitigation though organic-waste utilization in Pakistan).

NAMAs by sector



NAMA Database, http://www.nama-database.org/

How NAMAs CAN add fuel to INDCs

Future of Nationally Appropriate Mitigation Actions (NAMAs) post 2020 is still unclear. This article shows how they could greatly contribute to support the mitigation and development objectives of developing countries, including by helping to design and implement Intended Nationally Determined Contributions (INDCs).

In Paris, Countries are to adopt an *ambitious* international climate agreement to be launched in 2020 – at least that is the hope! In preparation for this, they have been submitting their post-2020 climate commitments through the INDCs. In the INDCs, individual Parties indicate how they intend to reduce their greenhouse gas emissions beyond their current efforts. Carbon Market Watch hopes that these goals will be transformed into binding commitments.

The NAMA/INDCs connexion

Many connections can be made between the concept of INDCs and NAMAs. INDCs are to be designed in the light of national circumstances and development priorities. The pledges are therefore diverse, taking a form of economy wide targets, energy targets, policies and projects. Similarly, NAMAs are a country-driven mechanism that allows developing countries to undertake mitigation actions in the context of their development priorities and in a variety of 'nationally appropriate' forms, namely policies and projects.

Many connections can be made between the concept of INDCs and NAMAs.

While NAMAs were formally developed in the framework of pre-2020 ambition, their flexibility and potential to contribute to emission reductions and sustainable development, and their correlation to the INDCs raises the question: what will their role will be post-2020?

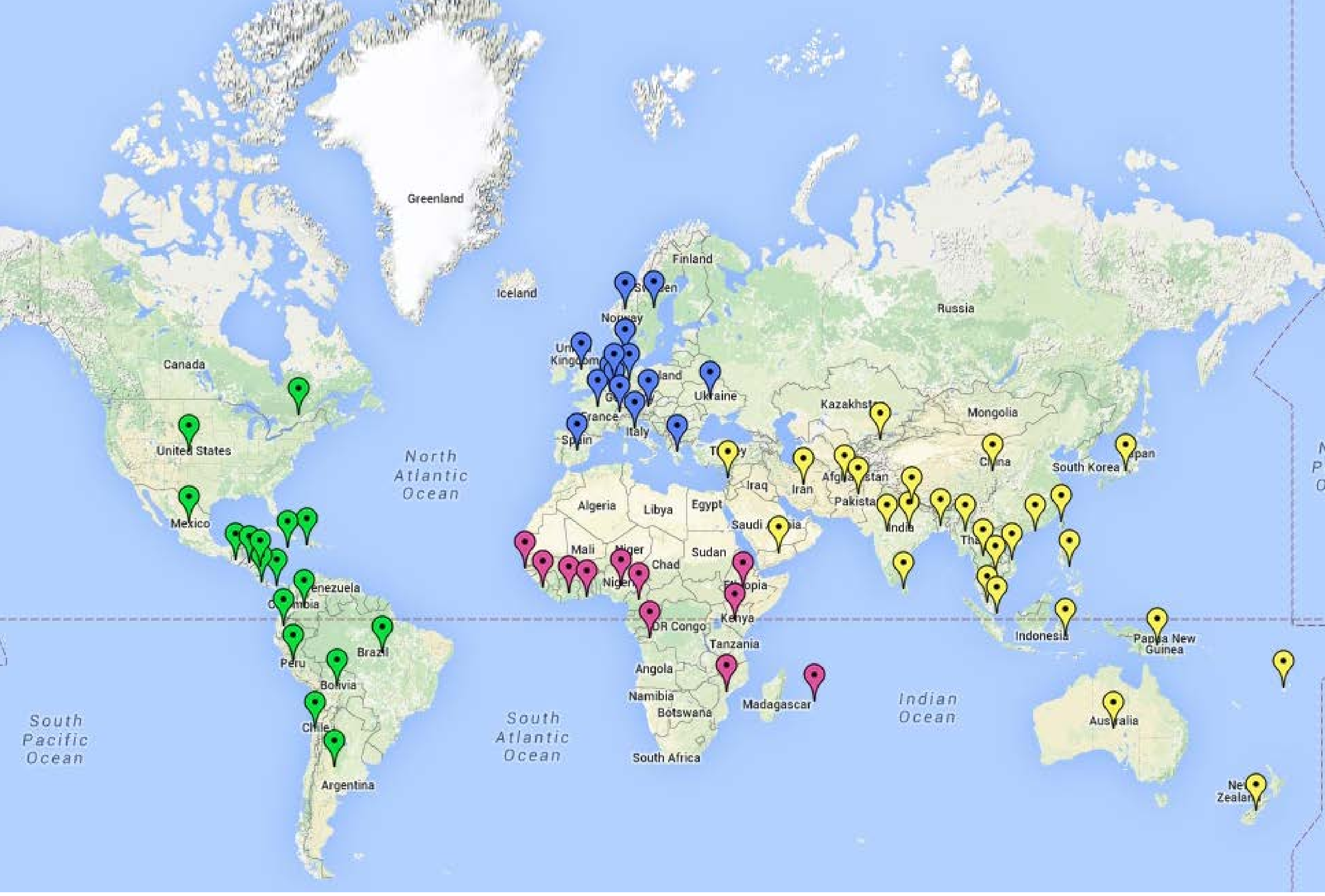
NAMA, a useful tool for INDCs?

Beyond their similarity, NAMAs can greatly inform the implementation of INDCs. Firstly, in the run up to Paris, we have seen how NAMAs provided lessons for constructing INDCs. Capacities and institutions built in countries for developing NAMAs, including the monitoring, reporting and verification (MRV) system, finance channels, identified baselines and barriers were used by some countries. For example, Thailand's INDC has been prepared on the basis of key lessons learned from Thailand's NAMAs. The Dominican Republic INDC has sector specific measures that will be implemented based on capacity and expertise of institutions in the country developed through NAMAs.

Secondly, NAMAs can be used as a tool to implement INDCs. NAMAs comprise concrete mitigation actions and can serve as a main channel for delivering emission reductions pledged through INDCs. In fact, many countries have integrated NAMAs in their INDCs. For example, a part of the Tunisian INDC mitigation plan includes the use of a cement sector NAMA.

Following from this, NAMAs are likely to continue beyond 2020 as a mechanism with great potential to support the mitigation and development objectives of developing countries.

Following from this, NAMAs are likely to continue beyond 2020 as a mechanism with great potential to support the mitigation and development objectives of developing countries. However, it is unclear whether NAMAs will maintain the same labelling, or whether their linking to the country pledges through the INDCs might transform their voluntary nature. The experience shows that implementation of NAMAs in their current context is slow. Therefore, their flexibility might serve them well to adapt to their new roles in the post 2020 climate regime.



Join the network!

Are you interested in joining a global collective effort to make climate finance more accountable and to scrutinize carbon markets?

Do you want to build your capacity on EU climate policies and contribute to make them fit for the transition to a low carbon economy?

Do you want to receive regular policy updates on these topics and share your activities with European and worldwide NGOs?

Join the Carbon Market Watch Network, bringing together over 800 NGOs, from 70 countries, in 3 working languages (English, French & Spanish)!

Our activities encompass: accountability in climate finance, scrutiny of carbon markets, EU climate policies, human rights and climate mitigation, and experience with specific climate protection projects and programmes.

Join now by logging on to carbonmarketwatch.org/carbon-market-watch-network and receive your membership pack.

We provide:

- Access to information about climate finance accountability, carbon markets and EU policies via campaign news, policy updates as well as media monitoring of relevant topics
- A platform for peer support and knowledge sharing on project campaigns and common advocacy efforts
- Capacity building activities on key climate policies through workshops and webinars
- Exposure through our website and newsletters and access to a wide range of worldwide CSO
- Opportunities to participate in advocacy work, campaigns and policy submissions

This project action has received funding from the European Commission through a LIFE grant. The content of this section reflects only the author's view. The Commission is not responsible for any use that may be made of the information it contains.

About Carbon Market Watch

Carbon Market Watch, a project by Nature Code, provides an independent perspective on carbon market developments and advocates for stronger environmental and social integrity. Carbon Market Watch was launched in November 2012 to expand the work of CDM Watch to areas beyond the CDM.

The Carbon Market Watch Network connects NGOs and academics from the global North and South to share information and concerns about carbon offset projects and policies. Its purpose is to strengthen the voice of civil society in carbon market developments.

Join the Network

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The opinions expressed in this newsletter are the author's views and experiences. They do not necessarily reflect the views and opinion of the entire Carbon Market Watch Network.

CARBON MARKET WATCH
SIDE EVENT OVERVIEW

2 December 2015
18.15 – 19.00
Official COP venue, EU Pavilion, Luxembourg room

The role of the hot air under the Paris climate treaty and the impact on the EU's climate policies

A key consideration for the Paris treaty is how to incentivize real additional climate action while avoiding the build up of "hot air" credits. How can we avoid the problems of the past and keep hot air out of the Paris climate treaty and the EU ETS?

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4 December 2015
16.15 - 18.45
Official COP Venue, Observer room 1

Accountability of results based finance- build on the best and learn from the worst

This event will draw on lessons learnt from existing climate finance instruments and international financial institutions and discuss the design of effective redress mechanisms for the variety of climate finance instruments expected post-2020.

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5 December 2015
17.00 - 18.30
Climate Generations Areas, room 1

Local Participation & empowerment for global climate justice

The full and active participation of a broad and diverse variety of civil society actors is critical to effective climate change policy and a necessary component for a just transition. This event will focus on the opportunities and challenges for supporting and enhancing the contributions of local communities to global climate justice.

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6 December 2015
To be confirmed
People's Summit – Climate Forum, Mairie de Montreuil

A reality check: climate change and impacts on the ground

This event will showcase realities from the ground of most marginalized groups to climate change and also reflect on case studies of climate mitigation projects, such as the UN's Clean Development Mechanism (CDM). Speakers will reflect on how lessons learnt from climate mitigation projects are important to inform the design of future climate finance projects and underline the need for strong human rights protection under the Paris climate agreement.

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9 December 2015
11.15 - 12.45
Climate Generation Areas, room 8

What are NAMAs and how is civil society engagement important for their success

NAMAs were established as a vehicle to help developing countries pursue their development and mitigation goals. At this event the speakers will provide a comprehensive introduction to NAMAs, present opportunities and challenges for civil society engagement on the ground and showcase the resulting co-benefits for communities.
