



Organisation of the Forum of the Standing Committee on Finance. Submissions by members of the open-ended working group. Compilation

1. In order to facilitate its work on the matter of the organisation of the Forum of the Standing Committee on Finance (SCF), the SCF initiated work on this subject in the form of an open-ended working group, composed of SCF members interested to conduct in-depth work on this matter. In addition to that, the co-chairs of the SCF, during the conference call on the Forum in February 2013, called for written submissions of views from SCF members on this matter
2. This information compiles all the submissions received from SCF members as of 4 March 2013 for the consideration by the SCF at its third meeting.

I. Members who submitted their views

3. The SCF members who submitted their views are as follows (in order of arrival):
 - Mr. Paul Herbert Oquist Kelley (14 October 2012)
 - Mr. Syed Mujtaba Hussain (26 February 2013)
 - Mr. Ulf Moslener (28 February 2013)
 - Mr. Paul Bodnar (1 March 2013)
 - Mr. Houssen Alfa Nafo (4 March 2013)
4. The submissions are attached and reproduced¹ in the language in which they were received and without formal editing.

¹ The secretariat has made every effort to ensure the correct reproduction of the text as submitted.



Submission by Mr. Paul Herbert Oquist Kelley

There follows my formal submission for the principal theme of the 2013 Climate Finance Forum. I am also attaching a justification entitled “The Climate Finance Emergency”.

Submission

I propose “The Climate Finance Emergency” as the overall theme for the 2013 Climate Finance Forum. Sub-themes such as “Sustainable Energy for All”, as well as other mitigation, adaptation and finance subjects can all be accommodated under this overall theme that will give the Forum actuality, relevance and visibility on the key issue of the decade.

THE CLIMATE FINANCE EMERGENCY

SUBMISSION ON THE PRINCIPAL TOPIC FOR THE 2013 FORUM

The Climate Finance Emergency consists of the combination of three elements. First, the early onset failure of the objective of limiting the world-wide average temperature increase to 2 degrees centigrade in this century. Second, yearly losses and accumulating adaptation needs as a consequence of climate change in developing countries that are not receiving new, additional and sufficient resources to deal with the worsening situation. Third, a lost decade 2010-2019 for the climate finance and action needed to confront the climate change emergency.

Early Onset Failure of the Two Degree Objective

The International Energy Agency (IEA) informs us in the “World Energy Outlook 2011” that green house gases in the atmosphere have gone from 280 parts per million (ppm) in the preindustrial era to 354 ppm in 1990, thus crossing the critical 350 ppm threshold for significant climate change, and are now at the 390 ppm level. The IEA warns that if the yearly world-wide increase in green house gases is not reverted by 2017, the 450 ppm emission stabilization scenario by 2035 will be lost. That is the scenario for achieving a 2 degree centigrade temperature increase limit. Thus we are on course for ever more menacing scenarios that range from 3.5 degree to 6 degree average temperature increases. Only the current conversion to natural gas for energy generation, that is cleaner than coal but reduces renewable options, will take us to the 3.5 degree scenario by 2035 while other factors will take us to 4 degrees and perhaps beyond.

Finally, the IEA states that for every dollar of investment in the power sector avoided before 2020, an additional US\$4.30 will be needed to be spent after 2020 to compensate for the increased emissions.

Worsening Consequences of Climate Change for Developing Countries

Some of the worsening consequences are:

- alternating floods and drought, some conditioned by the accelerated rotation and intensity of the El Niño y La Niña phenomena due to the warming of the central Pacific, with attendant infrastructure and agricultural losses;
- advancing desertification in arid and semi-arid areas;
- increased melting of polar ice and Greenland glaciers leading to the rise in sea levels that increasingly threaten low lying islands and coastal areas, as well as long-term water supply in some river valleys as mountain glaciers also melt;
- Together with pollution, eco-system disruptions and movements of species, including the expansion of tropical diseases, as well as increased extinction rates, affecting the equilibrium of the chain of life and biodiversity;
- Increases in the frequency and force of tropical meteorological events, including three typhoons/hurricanes in a row in the same year on Luzon and Cuba, the inundation of the entire Indus River valley and all of the low lying areas of Thailand, including Bangkok. In Central America, a single tropical depression, not even a tropical storm worthy of a name, left more than 80 deaths and almost US\$2 billion in damages.
- New adaptation needs are also emerging. Nicaragua, Cuba and the Philippines, among other developing countries, as well as Australia, are collecting DNA of endangered species, beginning in reserve areas (the Great Barrier Reef in Australia’s case). Norway also has a world seed bank at Svalbard. These adaptation actions could prove critical for our food and medical needs as global warming accelerates.



Developing countries have been left to largely deal with the consequences of climate change and growing needs for adaptation by themselves. For example, the U.N. Economic Commission for Latin America and the Caribbean (ECLAC) estimates that the current adaptation cost for Nicaragua is US\$1.9 billion in a country of 6.2 million people with a US\$7.2 billion economy. Quite obviously national resources alone cannot cover adaptation and maintain development and poverty reduction momentum, including achieving the millennium development goals, all at the same time. For developing countries the arrival of new, additional and significant financing after 2020 is not an option and cannot be an option. Rather it is a catastrophe in the making.

The Lost Decade 2010-2019 for Climate Finance and Action

Given the current, unfolding situation it is evident that the policy first enunciated in Copenhagen and later ratified in Cancun and Durban of significant action and financing of US\$100 billion per year after 2020 is not viable. In Durban it was clarified that this sum is a goal rather than a commitment and that it would come from various public and private sources for multiple purposes, and furthermore that it should not be confused with the Green Climate Fund. This is a policy of too little, too late, with malice of foresight, and it is not credible. There is no road map or movement toward establishing necessary mechanisms. It is tantamount to collective denial or resignation before an imminent threat.

The initial rapid, fast start financing commitment of US\$30 billion of Copenhagen for the period 2010-2012 has not been forthcoming. A total of US\$34.3 billion has been committed but only US\$10.7 billion has been allocated (31.1%) and US\$2.1 billion (6.2%) has actually been disbursed, and we are now in the final quarter of 2012.

Finally, there is no new and additional financing contemplated for the period 2013-2020, even on paper. A Green Climate Fund has been formed and its Board of Directors selected but it remains to date a Fund without funds without any indication of sources of financing or order of magnitude of the Fund.

The entire world will pay dearly for the moral and historical irresponsibility of the Lost Climate Change Finance Decade 2010-2019.

Nicaragua, the second poorest country in Latin America and the Caribbean, demonstrates that it doesn't have to be that way. Nicaragua had 25% renewable energy in 2007 and 39% in 2011, while in 2017 it will have 94% based on US\$2.5 billion in private sector, direct foreign investment in hydroelectric, geothermal, wind, biomass and solar energy. It already has contracted projects that will lead to 79% renewable energy by 2017 and there are five years to go for additional projects. By 2017 Nicaragua will have lowered its oil import bill by US\$445 million annually and its green gas house emission by 3,343 tons of CO₂ equivalents. Renewable energy is more than competitive NOW in developing countries when it is substituting high price, oil imports that greatly compromise a country's developmental capacity.

An important part of widespread denial of, or resignation to, the climate change emergency, is the mistaken policy of prioritizing bank and sovereign bond bailouts to the exclusion of counter-cyclical investments in sustainable energy. It is also false economy in that it will be over 4 times more expensive after 2020. It is also infinitely more risky and dangerous. When negative tipping points are reached in the positive synergies between the ecosystems that support life on Earth, there will be no way to bail out Mother Earth.

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Submission by Mr. Syed Mujtaba Hussain

Submission on the theme and topics of the forum to be held in 2013

1. Globally there is an increasing menu of climate finance instruments to catalyze and leverage. These avenues of climate finance have an increased focus on mitigation as compared to adaptation. The developing countries that are particularly vulnerable to the impacts of climate change are in need of climate finance for adaptation purposes. The situation is serious in countries where the frequency and intensity of climate-impacted disasters have consistently increased. Pakistan is a particular example where out of ten disasters within the last decade nine were climate impacted. All this calls for urgent action in terms of mobilization and delivery of climate finance for adaptation.
2. In view of above, the theme that I would like to propose is "Existing and ongoing experiences in tracking financial flows for the developing country parties".
3. In terms of delivery approach, I would suggest that a modular approach may be adopted where the forum may be organized in more than one events throughout 2013 preferably in two separate events with two distinct themes in order to have a threadbare discussion involving a diverse spectrum of stakeholders.



The Format should also be varied including roundtables, presentations, panel discussions, stakeholder consultations that can happen simultaneously.

4. Dates and venue: I would suggest that the event should be held back to back with some other event. Carbon Expo certainly has a plus point in terms of its enhanced outreach and participation that would provide an increased visibility to the newly formed Standing Committee besides opening the doors for future collaboration. Logistics and other allied expenditures could also be shared with the organisers of the Carbon Expo. The timing of the Carbon Expo is also convenient.

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Submission by Mr. Ulf Moslener

In response to the request for submissions on the forum I submit the following views:

General

1. Not having an in-person forum in 2013 would send the wrong signal about work of the Standing Committee on Finance. Therefore, there should be a forum in 2013.
2. The forum should serve different purposes, e.g. also increasing the visibility of the Standing Committee. But most notably it should facilitate the communication of thematic experts within and outside of convention bodies. In that function it should also “facilitate the participation of the private sector, financial institutions and academia in the forum” (CP.18).
3. As we are already far in 2013, the timeframe for organizing a forum is very tight, such that partnering with other events seems a preferred option. Holding the forum in connection with the CarbonExpo is a good option.
4. The forum should reflect as many as possible characteristics that make the Standing Committee on Finance “special”. Depending on the individual views this may be, inter alia, a strong focus on content discussion and an open exchange of views.
5. In the future, form as well as content of the forum should be coordinated with the work programme on long-term finance.

Form of the Forum

6. There may be an in-person forum and a virtual forum. The in-person forum appears more urgent.
7. A one or one-and-a-half day event seems appropriate. The focus should rather lie on covering one or two topics in depth with relevant experts in the field rather than organizing a large-scale event.
8. It may be an option to focus on one or two topics and then structure the presentations and discussions in a way that this leads to a written product which may serve as (technical) reference for the topics in the future. If this option is pursued, those written products should not be political but technical documents.
9. Sub-topics might be covered in a way that different perspectives are provided on a similar issue: E.g. first: a policymaker’s view, then private sector view or an academic. This will allow a deeper coverage of the topics.
10. If a virtual forum is envisaged, it is useful to be clear about the goal that is sought through the virtual forum. One option for such a goal may be to provide space for experts (practitioners, academics, etc.) to offer their analysis regarding topics or questions defined by the Standing Committee on Finance. This would be an additional channel to implement the request by the COP to “facilitate the participation of the private sector, financial institutions and academia”.

Content of the Forum

11. In order to avoid organizing “yet another forum on climate finance” a focus on one or two topics for each forum may be one step.
12. Another step might be to identify and use the comparative advantages of the Standing Committee on Finance in organizing such a forum. The advantages might be things such as “convening power”, good relations to the relevant government-authorities, etc.
13. One potential topic might be around “The role of governments in mobilizing (private) investment in Mitigation & Adaptation”. The canonical sub-topics being mitigation and adaptation. An option to deal with this would be to



“pair” a policy maker, someone from the finance industry and perhaps someone from academia and have them cover very similar questions and then potentially consolidate views during moderated discussions.

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Submission by Mr. Paul Bodnar

Organizing the first Climate Finance Forum

The Climate Finance Forum should stimulate pragmatic dialogue on big issues in climate finance and tackle specific problem-solving questions. The Forum should be regarded as a service we provide to the climate finance community at large, not primarily as a consultation that assists the Standing Committee’s other functions. There is no particular logic to organizing the Forum according to the Standing Committee’s four functions, which serve as an organizational guide for our work but not for a broader debate on climate finance.

In designing the Forum, we should recognize that the SCF is new actor in the climate finance landscape which must still establish its relevance to the many other actor in that landscape. We should recognize that other climate finance fora exist, and our Forum should be designed with these in mind. Given that our resources are limited, we should cooperate with other actors in a spirit of full partnership to create a Forum with maximum reach and impact. Going forward, we should also work with other actors to consolidate similar fora to avoid the organization of duplicative conferences/meetings on the same subject.

If the Forum takes place in conjunction with Carbon Expo, we might consider **“The role of various actors in an evolving climate finance architecture.”** This is a time of major changes in the world of climate finance. The last few years have seen a substantial scaling up of climate finance flows, both private and public, both international and domestic. Many new and innovative programs were created during the fast start period to support mitigation and adaptation. There have been innovations in private sector approaches, increased engagement by new actors like national development banks, and the creation of an important new actor in the system – the Green Climate Fund. In the next year, we will continue to operationalize the GCF and debate the future of climate programming in the GEF in the context of the 6th replenishment. The expansion of climate finance programs will continue in the Climate Investment Funds and the multilateral development banks, as well as through development finance institutions and bilateral assistance agencies. Meanwhile, private investors and project developers continue to explore new financing models for low-carbon, climate resilient investments, especially in the wake of a declining carbon market. In the context of this world of “a thousand flowers blooming,” the Forum could stimulate a discussion on what the role of different actors is in this ecosystem, and perhaps begin to identify how the capacities of these climate finance channels need to be strengthened in specific ways to deliver the right combination of financial tools to scale up climate finance for both mitigation and adaptation in the coming years.

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Submission by Mr. Houssen Alfa Nafu

Comments on Operationalization of the SCF Forum

The COP, at its seventeenth session in Durban, agreed on the functions and activities of the SCF, including the organization of a forum for the communication and continued exchange of information among bodies and entities dealing with climate change finance in order to promote linkages and coherence.

Following this mandate, the Forum should be open and accessible to all interested stakeholders particularly entities, organizations, institutions and individuals involved in climate change finance or with the potential to do so in a meaningful and relevant manner, internal and external to the Convention. In doing so, it is therefore important to bring together all relevant actors - public and private sector and other stakeholders - to build an effective response and rapidly increase the deployment of finance for mitigation and climate resilient development.

The Forum can serve as a platform to facilitate identification and gathering of inputs for discussions and recommendation according to its mandated functions. Thus, the SCF should **rather facilitate and moderate the discussion on the whole climate finance spectrum and reach out to all relevant stakeholders in climate finance**, with the view to support the COP in meeting its objectives.

Themes to be dealt in the Forum

In our perspective, the “Forum” should not only assist the SCF to fulfill its mandated core functions as per decision (2/CP.17, paragraph 121) that are paramount to its work as a whole. **But, rather also strive to approach climate**



finance beyond the scope of the Convention. With respect to its core functions, the documents prepared by the secretariat on the strategy, organization of the forum and report of the SCF to the COP contains key elements that can serve as starting point, upon which one can build the future work in the "Forum".

Nevertheless, it is important to emphasize the role the forum could play particularly with regard to the mobilization of financial resources. In doing so, it should first maintain a close dialogue and information exchange within and across climate finance related processes under the Convention, and also with processes and actors outside of the UNFCCC.

This is important, given the small role the public sector has been playing in climate finance compared to private sector. The amount of private finance is close to three times greater than public finance. The Forum should help understand this fact and provide recommendation as to how to take advantage of, capitalize and maximize such flows. On the other hand, it should also identify the reasons why public resources are so low, then seek to identify and showcase policy initiatives, instruments and tools to address this situation. Finally the Forum should serve as a platform, where appraised success stories will be presented, but most importantly advice how barriers in the management, access and accountability for climate finance could be overcome.

2013 work-plan

Since the modalities and time frame of the extended Work Programme on Long Term Finance are not clarified yet; the SCF is well advise to start its work as soon as possible and not wait until such issues are resolved.

Surely, organizing a forum meeting prior or back to back with the Carbon Expo in Barcelona is a valuable suggestion. However, given the current carbon price (**CER are worth less than a \$1, March 2013**) and the role so far of carbon market in the whole climate finance not exceeding (**USD2 billion out of USD97 billion** – per CPI Lanscape of Climate Finance 2011), and due to the limited topics that could be discussed in such an event, it is our view that the Carbon Expo may not be the most appropriate place at this point to kick off the Forum.

The In-person meeting should be shaped to make use of the range of discussion formats; including roundtables, presentations, panel discussions, consultations and other, **but most importantly, it should be in conjunction with an event that deals with most of the topics critical to the SCF.**

Should the SCF decides to hold only one In-person forum meeting, it will be advisable to explore other events in the course of the year that are broader in terms of topic and more critical for climate finance. The Barcelona meeting could be used as an opportunity to test the tool of the virtual forum namely as interactive activities. This is in line with the general timeline in the background paper on the strategy of the Forum prepared by the secretariat.

Scope of the Forum work 2013

As mentioned above, it is important to start as soon as possible the Forum work. In doing so, the SCF should strive to institutionalize the forum as main platform for climate finance by attracting ample attention and participation of all interested and relevant stakeholders as well as increasing the visibility of the Forum as main driver of exchange and communication among stakeholders on climate finance.

Beyond the initiation of discussion along the four discussion streams, SCF members should consider the purpose, structure and form of the Forum and strive to keep discussions focused as much as possible. The first meeting should also serve to elaborate the ToRs for resources and papers to assess information provided outside actors against guidance provided by the Convention. With regards to the mobilization of climate finance, it is important that the Forum gives an overview of experiences and lessons learned of financial resources mobilized for mitigation and adaptation across relevant stakeholders.

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