



WUSME – WORLD UNION OF SMALL AND MEDIUM ENTERPRISES

In Special Consultative Status at UN ECOSOC since 2013

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Submission of proposals to United Nations Climate Change Secretariat Information Note of 19. June 2020 (Ref. DV/YV/DR) - Call for inputs by the Standing Committee on Finance

co-authored by Norbert W. Knoll von Dornhoff, General Secretary, with the guidance of Barbara Terenzi, President, Members of the Board of Directors and Staff Members of the Headquarters.

TITLE OF THE SUBMISSION:

FINANCE FOR NATURAL BASED SOLUTIONS (NBS)

1. SUMMARY

WUSME's answer to the question of the UN Climate Change Secretariat "What can you do?", is similar, however, at COP25 in Madrid 2019 we added two more steps, and recommended an institutional approach, that is the formation of "Climate Neutrality Alliances" by the private sector of the economy, particularly by Small and Medium Enterprises in as many countries as possible.

As the using of UN Certified Emission Reductions (CERs), a type of Carbon Credit, turned out to be unefficient and not suitable for compensating SMEs for their climate neutrality investments, WUSME recommends to facilitate easier access to other financial programs being currently available.

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2. CONTRIBUTIONS OF SMALL AND MEDIUM ENTERPRISES AND CRAFTS TO ACHIEVE CLIMATE NEUTRALITY

The UN Climate Change Secretariat mention namely three basic steps for contributing to the climate neutrality:

1. [Measure](#) greenhouse gas emissions;
2. [Reduce](#) them as much as possible through their own action;
3. [Compensate](#) those which cannot be currently avoided.

These 3 steps are consequential and also practicable for SMEs.

In addition, WUSME proposed at COP25 two more steps:

4th Step [Certified](#)

The calculation method shall be validated annually by an external accredited certification body according to international standards for greenhouse gas balancing and verification.

5th Step [Communicate](#)

On the one hand Climate Neutrality Alliances shall support the members in communicating their activities, on the other hand they shall strengthen the network of like-minded companies from different branches. Because this initiative becomes all the more powerful the more companies participate and the more subsequently the mutual exchange can benefit.

Note: See the Austrian example:

Ten companies in Vorarlberg founded the Climate Neutral Alliance 2025 in early 2015 and are now willing to expand this alliance under the coordination of Terra Institute. The aim of the initiative is to make all entrepreneurial activities climate neutral by 2025 at the latest. The companies want to actively contribute to the 2-degree Celsius goal of the United Nations. This target can only be met if organizations and companies are ready to implement voluntary measures aimed at the reduction of CO2 emissions.

More: <https://www.terra-institute.eu/en/climate-neutral-alliance-2025-2/>



3.PARTNERSHIPS WITH CIVIL SOCIETY AND THE PRIVATE SECTOR WILL BE CRITICAL

WUSME as an inclusive international SME platform, will continue to engage and mobilize SME supporting organizations with which co-operation agreements have been signed, particularly also regarding education and training in the fields of reducing CO2 emissions, innovations designed to reducing energy consumption and the implementation of "Green Technologies". NGOs shall play a decisive role as Intermediary Actors, Bridge and Liaison Bodies between the International Organizations and the SMEs communities, civil society, young people and women entrepreneurs around the world to facilitate sharing of experiences on this track.

4.COMPENSATIONS FOR INVESTMENTS TO REACH THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS), INCLUDING CLIMATE NEUTRALITY

The EU Commission decided a COVID 19 Reconstruction Plan that shall have a volume of 750 billion EUROS, whereof 390 billion EUROS of this shall be distributed as (non-repayable) grants and 360 billion as loans to EU countries. It can be estimated, that together with national business recovery funds, more that one trillion EUROS will be available for the recovery of the European economies. Worldwide recovery funds up to 10 trillion USD will likely be made available.

Note:

The Marshall Plan after World War II, then the main source of financing cooperation for recovery, was the first chance ever been given since the end of the war to look at European economy as a whole. However, the recipients were been required to work together to formulate a unified recovery plan. Sixteen European countries responded by cooperating on a general reconstruction plan that was accepted by the United States. In the end, a total of \$13.6 billion (equivalent to \$88 billion in 1997 money) was appropriated to the plan.

Ernest Bevin, British Foreign Secretary said: "I felt that it was the first chance we had ever been given since the end of the war to look at [the] European economy as a whole."



Given the breathtaking amount of funds that will be available to revive the global economy after the COVID-19 crisis, we can say that we are given the historic opportunity not only to look at the European economy, but on the world economy as a whole and to come some milestones nearer to reach climate neutrality and the SDGs.

However, it would not be optimal from an economic and fiscal policy point of view if we wanted to present new financial programs for every single political goal, though all of them are most important and pressing, that are not well coordinated with each other. Here we think above all of the achievement of the Sustainable Development Goals (SDGs), which explicitly and due to their various synergisms are decisively contributing to climate protection.

Bearing in mind that in all economies of the world more than 90% of all companies are SMEs and crafts, WUSME is requesting the EU Commission and the EU Member Countries that a minimum of 0,5% of the EU announced grants of 500 billion EUROS, that are 2,5 billion EUROS, shall be appropriated to EU-SME Funding Instruments, particularly to the European Union EIC Accelerator Pilot.

We also recommend that SMEs shall take advantage of the offers of NGOs and Chambers of Commerce and Industry advising their members on achieving Climate Neutrality, e.g. the SEED Practitioner Labs: Climate Finance. More: <https://seed.uno/programmes/ecosystem-building/practitioner-labs-climate-finance>

Note:

EIC Accelerator Pilot

The EIC Accelerator Pilot is part of the [Enhanced European Innovation Council pilot](#) (Enhanced EIC pilot). The Enhanced EIC Pilot will pave the way to a fully-fledged EIC; it builds on the lessons learnt from the previous EIC pilot launched in late 2017. The Enhanced EIC Pilot serves as the umbrella for several EU funding instruments: the EIC Pathfinder ([FET-Open and FET-Proactive](#)), the EIC Accelerator (former SME Instrument); the [Fast Track to Innovation](#) (FTI), and [Horizon Prizes](#), thus providing a 'one stop shop' for funding of breakthrough, market-creating innovation across the EU. More: <https://ec.europa.eu/programmes/horizon2020/en/h2020-section/eic-accelerator-pilot-vering-inancing-solutions-to-climate-smart-innovgreconomies>.

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5.CLOSING SENTENCE

WUSME President Dr. Gian Franco Terenzi (+RIP):

"We can't ignore that mankind itself has been affected, and all relevant national and international institutions will have to guarantee adequate protection for its existence, *without ignoring the enduring climate change*. The health systems and related organizations are first and foremost there to protect our health worldwide. This revolutionary change will have important consequences on our economic, institutional and social system and we will find it modified in the near future. We will endeavor to raise awareness among Governments and local Authorities with proposals aimed at promoting the economic recovery and providing social support, as considered necessary also by the international community."

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