



UNEA HIGHLIGHTS: WEDNESDAY, 25 JUNE 2014

On Wednesday delegates convened for the Global Symposium on Financing a Green Economy. The COW met throughout the day. In the evening the COW reconvened to hear reports from contact groups, consider draft resolutions and all other business, and provisionally approve available draft decisions.

GLOBAL SYMPOSIUM ON FINANCING THE GREEN ECONOMY

OPENING SESSION: Simon Zadek, UNEP, moderated the session, inviting participants to focus on challenges of mobilizing private capital alongside public finance. Oyun Sanjaasuren, Minister of Environment and Green Development of Mongolia, and President of UNEA, identified changing attitudes and behavior among consumers, lenders and investors, as well as increasing the availability of capacity, knowledge and technology as primary challenges, rather than financing.

Janez Potočnik, EU Commissioner for Environment, agreed with the need for a long-term mentality and suggested, *inter alia*: internalizing the value of the environment in markets; encouraging investments in resource efficiency and reflecting this in company ratings; eliminating negative price distortions; and using regulatory incentives prudently.

FINANCING - THE NEED: Elliott Harris, UNEP, moderated the session. Mukhisa Kituyi, Secretary-General, United Nations Conference on Trade and Development (UNCTAD), highlighted key findings from UNCTAD's 2014 *World Investment Report*, pointing to a "discernible gap" between available project finance and what is required for scaling up green economy investments. He noted efforts to direct corporate social responsibility to the SDGs.

Madeleine Ronquest, FirstRand Limited, South Africa, explained that the private sector in her country is financing sustainability, although green investments tend to focus on the energy and renewable energy sectors. She said the policy framework is ambitious but South African banks are risk averse.

Nick Robbins, UNEP, elaborated on the Inquiry into the Design of a Sustainable Financial System developed by UNEP. He said money is available but existing rules discourage the provision of loans.

COUNTRY INNOVATION IN GREEN FINANCE: Charles Anderson, UNEP, moderated the session, noting that unlocking private finance will require committed green economic policies; and financial institutions willing to act in circumstances that may include risks and regulatory uncertainty. Jingdong Wang, Vice President, Industrial and Commercial Bank of China (ICBC), stressed the green economy and "war against pollution" as China's strategic choice for its development, and emphasized ICBC's green practices and achievements, including through green crediting.

Joshua Oigara, CEO, Kenya Commercial Bank, focused on Kenya's Sustainable Finance Initiative, stressing the importance of, *inter alia*: growth through inclusiveness and innovation; managing and mitigating associated risks; optimal resource management; and business ethics and values.

During the ensuing discussions, participants discussed banks' performance indicators and shared experiences in mobilizing private sector financing.

MOBILIZING CAPITAL MARKETS: Moderating the session, David Pitt-Watson, Inflection Point Capital Management, UK, said that a US\$1 trillion investment is required to create a global sustainable economy, on top of US\$5 trillion needed for infrastructure, but stressed that this is not an impossible target relative to the size of capital markets which trade US\$225 trillion in bonds and equities per year.

Evelyn Hartwick, International Finance Corporation, highlighted the Equator Principles, a risk management framework for assessing and managing environmental and social risk in projects. She underscored the role of international banks in developing green financial instruments, such as green bonds, that allow investors to channel their capital into green technology. She explained that currently, investors get "free" additionality from green bonds.

Anthony Ruschpler, African Development Bank highlighted the Green Bonds initiative, which facilitates the Bank's corporate priority of green growth through the financing of eligible climate change projects in Africa.

Sonia Consiglio Favaretto, Stock Exchange, Brazil, said that companies are reporting information as requested by the Sustainable Stock Exchange, which was launched at Rio+20. She explained as a result companies are changing their behavior as well.

During ensuing discussions, participants addressed: green investments in small markets and in local management of resources; introducing green bonds; and criteria and principles to assure investors that they engage in green investment, not in greenwashing.

FROM INSPIRATION TO ACTION: Steven Stone, UNEP, moderated the session. He noted that the environment is slowly shifting from an artifact of conservation into the heart of economic, fiscal and financial policy.

Alice Kaudia, Environment Secretary, Kenya, presented the Kenyan experience with developing a national green economy strategy and action plan, noting sectors identified as important for transforming Kenya's livelihoods and industry, such as agriculture, manufacturing, transport and energy, and stressing that small projects, such as tree planting, make a transformative change.

Yvo de Boer, Director-General, Global Green Growth Institute, stressed that the main issue is not the lack of finance, but rather a "broken" definition of corporate values that only consider short-term returns without appreciating sustainability,



as well as, counterproductive government policies. He added that “green investment language” is difficult for the financial community to understand. Among solutions, he identified: working with governments to write bankable projects; “de-risking” policy; and driving blended finance.

Mark Burrows, Credit Suisse, agreed with the “language disconnect” as the fundamental problem for investment in sustainable development. Pointing to global opportunities, he said “it is all about infrastructure of a sustainable sort.”

Subsequent discussions focused on the need to overcome: the savings-investment gap in developing countries where the health, transport and energy sectors require capital investment; and barriers for investments to reach medium and small-scale entrepreneurial activities, such as low rates of return or high risks and transaction costs.

CLOSING AND NEXT STEPS: Zadek moderated the session. James Fletcher, Minister for Public Service, Sustainable Development, Energy, Science and Technology, Saint Lucia, highlighted the challenges faced by Small Island Developing States in investing in sustainable development, including reduced fiscal space, limited social services and general difficulties in attracting international investments.

Bruno Oberle, Secretary of State, Federal Office for the Environment, Switzerland, stressed the need to create a common understanding, find global solutions and move toward green growth.

Achim Steiner, Executive Director, UNEP, underscored UNEP’s role in providing access to knowledge and best practices and, based on science, advancing the global agenda in the direction of a transformation “we want.”

COMMITTEE OF THE WHOLE

CONTACT GROUPS: Chemicals and Waste: Chair Alf Wills said the contact group had completed a first reading of the four initial chapters of the omnibus decision, as well as the terms of reference of the Special Programme. The group will continue working throughout Thursday.

POW and Budget: Chair Bart Ouvry (Belgium) reported that the working group had finalized consideration of the revised biennial POW and budget for 2014-2015 and had made progress on the biennial POW and budget for 2016-2017. He said the group would consider new proposals under the draft decision on trust funds and earmarked contributions following their introduction in the COW in the morning. The group will continue working throughout Thursday.

Drafting Group: Chair Idunn Eidheim said the group had made substantial progress on Tuesday evening, reaching agreement on three draft decisions on air quality, GEMS/Water and the SPI omnibus decision. She reported that discussion on the marine plastic debris and microplastics decision was also close to completion.

In the evening, Eidheim reported that: the group had concluded work on marine plastics, with brackets remaining on references to extrabudgetary resources; two bracketed paragraphs remain on the draft decision on Principle 10; and the draft decision submitted by Bolivia on visions, approaches, models and tools to achieve environmental sustainability (UNEP/EA.1/CW/CRP.3) will require further review by delegates.

Working Group on Rules of Procedure and Stakeholder Engagement: During the evening COW plenary, working group Chair Pataki said the group had held intense consultations on outstanding issues and needed to continue working on Thursday.

DRAFT DECISIONS FROM THE CPR: Relationship between UNEP and the MEAs: This decision was approved by the COW.

GEMS/Water: In the evening the COW provisionally approved the draft decision.

DRAFT DECISIONS FROM GOVERNMENTS: UNEA Resolution on Illegal Trade in Wildlife: KENYA introduced the draft decision (UNEP/EA.1/CW/CRP.5) prepared in collaboration with the EU, noting inputs were received from many parties. He said the aim was to mobilize political will,

leadership and resources in response to the Rio+20 call for “firm and strengthened” action on this issue. The EU urged delegates to send a strong message to the Ministerial segment, “to ensure there is a lasting legacy and the concrete result of our efforts this week.” Many delegations expressed their support for the draft declaration, including MONACO, CANADA, US, NEPAL, CHINA, NORWAY, MEXICO, CHILE, the RUSSIAN FEDERATION, IRAN, AFGHANISTAN, SOUTH SUDAN, BENIN, BRAZIL and INDONESIA. MONACO and CHILE called for recognition of threatened marine species. While noting “UNEP’s engagement on this issue is long overdue,” the US, supported by CHINA, SWITZERLAND and IRAN stressed that UNEP should work “within its mandate” to avoid duplication of efforts. IRAN stressed the need to address the “cultural dimension” through “devaluing” private wildlife ownership, while CHINA called for addressing “all the links” in illegal wildlife trade through increased information exchange and enforcement. MEXICO highlighted unequal national capacity to tackle this issue. BRAZIL welcomed the “balanced” focus on the three interrelated pillars of: improving enforcement; addressing demand; and supporting alternative and sustainable livelihoods for affected communities. The CONVENTION ON THE CONSERVATION OF MIGRATORY SPECIES OF WILD ANIMALS (CMS) drew attention to a draft resolution on transboundary wildlife crime due to be adopted at CMS COP 11 in Quito, Ecuador, in November. NGOs expressed support for the decision and called on delegates to “make it even stronger” by including explicit references to: tackling illegal financial flows; conducting due diligence and verification in trade by companies and in public procurement; adding a fourth protocol to the UN Convention against Transnational Organized Crime; and illegal harvesting in several paragraphs referring to origin.

Ecosystem-based adaptation: Rosemary Semafulu-Mukasa (Uganda) said the group was considering outstanding issues, notably on how to treat requests for financing, and links between EBA and traditional systems.

In the evening, Semafulu-Mukasa presented a revised draft decision (UNEP/EA.1/CW/CRP.9) which the COW provisionally approved.

Promoting Air Quality through UNEP: In the evening the COW provisionally approved the draft decision (UNEP/EA.1/L.5).

IN THE BREEZEWAYS

On what was supposed to be the final day the COW would meet, delegates continued to push through the agenda, working mostly in contact groups to finalize draft decisions. Some delegates expressed dissatisfaction with the “slapdash” approach to the process of negotiating headline issues, such as illegal trade in wildlife. Others wondered whether “big ticket” items like ministerial dialogues and symposia are eating away at the time for the negotiation of policy decisions and posed the question: is UNEA talking about “big” issues, without making decisions?

For some, the problem was the format of the UNEA, which, compared to past meetings of the Governing Council, has less space to work through time-consuming issues. One negotiator noted that while work on chemicals was proceeding at a predictable pace, it has been challenging for delegates to progress through the sweeping omnibus decision text in two and a half days. He recalled that the chemicals contact group used to meet throughout the week, often working late each night to complete its work by the end of the five-day meeting.

Unsurprisingly, perhaps, the reconvened COW plenary on Wednesday evening was unable to finalize its work, and it was decided that contact groups will continue to meet in parallel with the high-level segment on Thursday before COW reconvenes on Friday morning.

More positively, others welcomed the all-day symposium on financing the green economy as an example of where UNEP excels as a convenor and animator of frank multi-stakeholder debates on “over the horizon” issues.