Mobilizing Alternative & Innovative Finance

REVIEW OF THE FUNCTIONS OF THE STANDING COMMITTEE ON FINANCE

Submission to the SCF

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by Benito Müller

Background

Decision 9/CP.22 invites external stakeholders to submit their views on the upcoming review of the Standing Committee on Finance (SCF). The aim of this submission is to support the review objective of identifying opportunities for increased effectiveness of the work of the SCF (para. 1b), by identifying a need for reorientation of an existing function of the SCF (as envisaged in para. 3.d).

Decision 1/CP.16 (Cancun Agreements, 2010) established the SCF “to assist the Conference of the Parties in exercising its functions with respect to the financial mechanism of the Convention in terms of improving coherence and coordination in the delivery of climate change financing, rationalization of the financial mechanism, mobilization of financial resources and measurement, reporting and verification of support provided to developing country Parties; Parties agree to further define the roles and functions of this Standing Committee”. [para. 112, emphasis added]

Decision 2/CP.17 (2011), after reiterating para. 112, listed a number of activities through which these functions could be operationalised, but none of them with regard to the mobilization of financial resources. And this, to the best of our knowledge, has been the state of (non-) operationalisation of that function ever since.

In Paris (2015), the proposal by the COP 21 President for a Paris Outcome included a decision (para 57) “to establish a process for the consideration of new sources of finance beyond existing bilateral and multilateral sources, in accordance with the terms of reference to be developed by the Conference of the Parties, taking note of the need to abide by the principles of fiscal sovereignty and avoid incidence on developing country Parties”. This ultimately fell victim to a perceived need to shorten

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1 The views expressed in this Note do not necessarily reflect the views of the affiliated institutions of the author.
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3 “Terms of reference for the review of the functions of the Standing Committee on Finance”
4 Version 2 of 10 December 2015 at 21:00.
the text of the Paris Agreement, which was unfortunate, because Paris at the same time saw some interesting developments concerning such new finance sources:

- There was the establishment of a new marked-based mechanism and the decision by the COP “that a share of the proceeds from activities under the mechanism … is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.”
- On December 5, the Premier of Quebec announced the province’s contribution of Cdn$25.5 million of climate finance for the developing countries, including Cdn$6 million for the Least Developed Countries Fund (LDCF) managed by the Global Environment Facility (GEF). Quebec’s announcement was followed by announcements of pledges from Belgian regional governments to the multilateral Green Climate Fund (GCF): €500,000 from the Brussels Capital Region, the Flanders Region €3.5 million, and the Walloon region €7 million (per year until 2020). The city of Paris also announced its own contribution of €1 million to the GCF.
- More recently, there have been other initiatives that might be in this context. For one, we have started with a crowdfunding initiative for the Adaptation Fund under which the corporate travel sector is requested to contribute 1 percent of their ticket costs to the Adaptation Fund through the ‘donate’ facility on the AF website. This would yield $125 million annually, if only 1 percent of corporate travellers were to participate as part of their Corporate Social Responsibility portfolios.
- In the US state of Massachusetts, a bill is about to be filed in the state legislature to establish a ‘Massachusetts Least Developed Countries Fund’ (MLDCF) which would be able to collect donations on behalf of the UNFCCC LDCF, in particular, through voluntary check-off donation indicated on the annual individual income tax returns

Submission

We propose that the SCF, in its resource mobilization function, develop a Work Plan on Alternative and Innovative Sources of Finance (similar to the existing Work Plan on MRV of Support) – possibly implemented through the Long-Term Finance Work Programme under the aegis of the SCF – with the aim to produce regular (biennial) reports to the COP and the CMA to feed, inter alia, into the biennial ministerial roundtable on climate finance.