



A Climate Optic on the Lost Moment

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Very few know. Only a handful of people possess the negotiating experience and understanding of the Byzantine United Nations climate change process to have captured the moment. But, in Copenhagen, the moment did present itself when the Chair's gavel could have come down on a stronger agreement.

Reflecting some weeks after the chaotic conclusion of the Danish summit, a seasoned diplomat who has spent more than 20 years at the heart of the multilateral climate change process explained, "There were flags still raised in the room in Kyoto in '97 when the gavel came down. We could have had a stronger agreement in Copenhagen there's no doubt in my mind about that but the moment—that crucial second—was missed."

Were the political "bears" and backroom dealers like John Prescott and Raul Estrada-Oyela missing in Copenhagen when they'd made the difference in Kyoto 12 years before?

For the finance and investment community, COP 15 careened from hopeful, to Monty Python-esque, and then on to despair. Despite more than two years of increasingly coordinated efforts to present the views of private finance and investment from, amongst others, groups such as the Institutional Investors Group on Climate Change, the Investor Network on Climate Change, and the United Nations Environment Programme Finance Initiative, the negotiators were in no mood to listen to private finance or the array of capital market actors gathered along with the other 30,000-40,000 international visitors in the Danish capital.

One of the most senior negotiators for the EU captured an intractable issue at the heart of negotiation as early as the evening of December 10, "Any effort to introduce private finance or even point to capital market mechanisms is seen by a significant group of developing countries as a coordinated effort to roll back overseas development assistance. Also, the developing countries have very little faith left in western financial institutions and capital markets after the crash. It's as simple as that and you won't see any reference to private finance in any communication from Copenhagen."

As the smoke cleared after the political and media frenzy of those caffeine- and adrenalin-filled wintry days in Scandinavia, it is becoming apparent to those in finance and investment prepared to retool for more infighting in the multilateral trenches in Mexico later this year and in South Africa in 2011, that all is not lost.

Clearly, many fundamental policy questions remain, but in the investment space there is a feeling abroad that a line in the sand has been crossed for carbon. The smartest investors understand a carbon-constrained future will be part of investment reality and are positioning for that despite the crucifying nature of 2007-2008, the uncertain rebound of 2009, and the crushingly difficult fundraising environment of the past few years.

Also, President Obama did return from Copenhagen with something never before achieved: the BRICs all sat down together at the “emissions reduction table.” Together with the political momentum behind him following successful passage of the US healthcare bill, there is now a steady flicker in the embers of a meaningful US climate bill. Maybe, just maybe, the missed moment in Copenhagen won’t be such a lost moment after all.

Biography

Paul Clements-Hunt has been the Head of the United Nations Environment Programme Finance Initiative (UNEP FI) since November 2000. UNEP FI, based in Geneva, is the largest partnership between the United Nations and the financial services sector, counting more than 180 banks, insurance companies and investment firms as members. UNEP FI was instrumental in the 2004-06 development and launch of the UN Principles for Responsible Investment (PRI). The PRI is now backed by over 570 institutional investors representing more than USD 18 trillion in assets under management. Clements-Hunt was one of the two lead United Nations representatives throughout the PRI negotiations in 2005-06 and sits as the UNEP representative on the PRI Board.

In 2007, he was invited to join the Financial Times Sustainability Banking Awards panel of judges and the United Nations special climate change panel on finance and investment. Clements-Hunt is a Board Member of Sustainable Finance Geneva, a network of professional finance executives committed to pushing forward sustainability practice in the Swiss financial services sector.

Prior to joining the United Nations, Clements-Hunt spent 1998-2000 representing the Paris-based International Chamber of Commerce, directing the organization’s policy work in energy, environment and sustainable development. From 1991 to 1998, Clements-Hunt was based in Bangkok, Thailand, where he founded the country’s first environmental strategy consultancy which developed projects throughout Southeast Asia. In 1994, he took the idea for an Asia-Pacific-wide environmental strategy service to the world’s largest testing, inspection, and certification company, Société

Générale de Surveillance (SGS). He developed the business for the SGS Group as the SGS-Environmental Information Unit.

For over 17 years, Clements-Hunt has presented and lectured internationally on sustainable finance and responsible investment issues. Clements-Hunt graduated with a BA degree in Economics from the University of East Anglia, and completed post-graduate studies in journalism at University College, Cardiff.