LITMUN 2019

Background Guide

UNITED NATIONS ENVIRONMENT PROGRAMME

UNEP

AGENDA: ROLE OF FINANCIAL INSTITUTIONS AND THE G20 IN TACKLING CLIMATE CHANGE

LETTER FROM THE EXECUTIVE BOARD

Dear Delegates,

Welcome to LITMUN'19. I'm pleased to have you aboard!

To the veterans of MUN, I promise you a very enriching debate, add on perspectives and for the novices, I am really excited to be a part of your maiden voyage.

Climate change is real and the earth is what we all have in common!

Our agenda for UNEP stands as '**Role of financial institutions and the G20 in tackling climate change**'; following pages intend to guide you to garner the nuance understanding of the agenda. The guide chronologically touches upon all the different aspects that are relevant and will lead to fruitful debate in the Committee. It will provide you a bird's eye view of the gist of the issue.

I yearn you all to put your wholehearted efforts to research and comprehensively grasp all important facets of the diverse agenda; as the background guide only contains brief information which should not form a boundary for your research. Also, I encourage you to go beyond this background guide and delve into the extremities of the agenda to further enhance your knowledge of a burning global issue!

What our committee needs now is your creative encephalons and negotiation skills to help make the world a better place. It will be my distinct pleasure to serve you all as a co-chair. By assuring that this journey will be full of humane and mental enlightenment I'm looking forward to meet you all!

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INTRODUCTION TO THE UNEP

The United Nations Environment Programme (UN Environment) is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system, and serves as an authoritative advocate for the global environment.

Headquartered in Nairobi, Kenya, the UNEP categorises work into seven broad thematic areas: climate change, disasters and conflicts, ecosystem management, environmental governance, chemicals and waste, resource efficiency and environment under review.

UNEP's current executive director is Joyce Msuya who took the office in the year 2018. UNEP structure includes 8 substantive divisions namely:

- Science Division
- Policy and program Division
- Ecosystems Division
- Economy Division
- Governance affairs office
- Law division
- Communication division

IS CLIMATE CHANGE REAL?

(Introduction to the agenda)

The Earth's climate has changed throughout history. Just in the last 650,000 years there have been seven cycles of glacial advance and retreat, with the abrupt end of the last ice age about 7,000 years ago marking the beginning of the modern climate era — and of human civilization. Most of these climate changes are attributed to very small variations in Earth's orbit that change the amount of solar energy our planet receives.

The planet's average surface temperature has risen about 1.62 degrees Fahrenheit (0.9 degrees Celsius) since the late 19th century, a change driven largely by increased carbon dioxide and other human-made emissions into the atmosphere.4 Most of the warming occurred in the past 35 years, with the five warmest years on record taking place since 2010. The oceans have absorbed much of this increased heat, with the top 700 meters (about 2,300 feet) of ocean showing warming of more than 0.4 degrees Fahrenheit since 1969. Global sea level rose about 8 inches in the last century. The rate in the last two decades, however, is nearly double that of the last century and is accelerating slightly every year.

The agenda focusses on how different countries as a part of the global movement to tackle climate change can work and come up with different policies through financial institutions to introduce new policies, making the global economy sensitive to climate change.

FINANCIAL INSTITUTIONS AND CLIMATE CHANGE

Climate change is a systemic risk that is impacting the finance industry, as it is impacting all sectors of the global economy. While the industry is varied in its functions and specific activities, all agents have in common a duty to act in the best interests of the individuals or organizations whose assets they are responsible for overseeing. Some financial institutions recognize that climate change increases uncertainty and investment risk, whilst also producing new opportunities. Managing these risks and capturing new opportunities is therefore crucial if the industry is to carry out its functions successfully.

SOME FINANCIAL INSTITUTIONS

About the World Bank Group:

The World Bank Group is one of the world's largest sources of funding and knowledge for developing countries. It comprises five closely associated institutions: The International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), which together form the World Bank; the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency (MIGA); and the International Centre for Settlement of Investment Disputes (ICSID). Each institution plays a distinct role in the mission to fight poverty and improve living standards for people in the developing world. For more information, please visit www.worldbank.org,www.miga.org, and www.ifc.org.

HOW DOES THE UNEP WORK?

United Nations Environment Programme, established in 1972, is the voice for the environment within the United Nations system. UNEP acts as a catalyst, advocate, educator and facilitator to promote the wise use and sustainable development of the global environment. The UNEP Finance Initiative (UNEP FI) is a global partnership between UNEP and the financial sector. Over 230 institutions, including banks, insurers and fund managers, work with UNEP to understand the impacts of environmental and social considerations on financial performance. UNEP FI's member-ship consists of private and public financial institutions from around the world and is balanced between developed and developing countries. For more information, please visit www.unep.org and www.unepfi.org

ABOUT AIGCC

The Asia Investor Group on Climate Change (AIGCC) is an initiative set up by the Association for Sustainable and Responsible Investment in Asia (ASRIA) to create awareness among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change and low carbon investing.

AIGCC provides capacity for investors to share best practice and to collaborate on in-vestment activity, credit analysis, risk management, engagement and policy. With a strong international profile and significant network, including pension, sovereign wealth funds insurance companies and fund managers, AIGCC represents the Asian voice in the evolving global discussions on climate change and the transition to a greener economy.

Visit www.asria.org/page/aigcc_about.

ABOUT IGCC

IGCC is a collaboration of 52 Australian and New Zealand institutional investors and advisors, managing approximately $1 trillion and focussing on the impact that climate change has on the financial value of investments. The IGCC aims to encourage government policies and investment practices that address the risks and opportunities of climate change, for the ultimate benefit of superannuants and unit holders. Visit www.igcc.org.au.

ABOUT IIGCC

The Institutional Investors Group on Climate Change (IIGCC) is a forum for collaboration on climate change for investors. IIGCC's network includes over 90 members, with some of the largest pension funds and asset managers in Europe, representing €7.5trillion in assets. IIGCC's mission is to provide investors a common voice to encourage public policies, investment practices and corporate behaviour which address long-term risks and opportunities associated with climate change. Visit www.iigcc.org.

ABOUT INCR

The Investor Network on Climate Risk (INCR) is a North America-focused network of institutional investors dedicated to addressing the financial risks and invest-ment opportunities posed by climate change and other sustainability challenges. INCR currently has more than 100 members representing over $13 trillion in as-sets. INCR is a project of Ceres, a non-profit advocate for sustainability leadership that mobilises investors, companies and public interest groups to accelerate and expand the adoption of sustainable business practices and solutions to build a healthy global economy. Visit www.ceres.org.

Millennial Development Goals pertaining to Climate Change

Introduction to MDGs

In the year 2000, 189 countries as well as other major international organisations met at the United Nations to share a global vision and a common responsibility to ensure worldwide economic and social development, human dignity and equality. The Millennium Summit in September that year witnessed the largest meeting of world leaders in history to draw up and accept the United Nations Millennium Declaration, committing their countries to a global partnership at a higher level of cooperation to eliminate extreme poverty and formulating a variety of time-bound objectives, known as the Millennium Development Goals (MDGs), to be achieved by 2015.

The eight agreed MDGs are as follows:

- To eradicate extreme poverty and hunger
- To achieve universal primary education
- To promote gender equality and empower women
- To reduce child mortality
- To improve maternal health
- To combat HIV/AIDS, malaria, and other diseases
- To ensure environmental sustainability
- To develop a global partnership for development

The Millennium Development Goals are quantified targets for resolving extreme poverty, including income poverty, hunger, disease, lack of adequate shelter in the least and less developing areas, and promoting gender equality, education, and environmental sustainability. Meanwhile, these targets also embrace respecting and assuring basic human rights, the rights of each person on the planet to health, education, shelter, and security.

Although MDGs set out specific development targets for global society, there were a series of critics concerning these objectives, complaining of a lack of comprehensive analysis and convincing justification behind the chosen goals, and difficulty or infeasibility of measurements for some goals and uneven progress. In spite of the fact that the challenge period saw a significant increase of aid from developed countries to accelerate the achievement of the MDGs, over half of assistance went for waiver of debts, with the majority of remainder targeted at natural disaster relief and military aid, neither of which further development

MDG 7: To ensure environmental sustainability.

As far as the MDGs go, the 7th MDG, i.e. "To ensure environmental sustainability" is directly related to the given agenda.

Environmental sustainability is a broad and integrated goal that covers four aspects. The first sub-mission is *Target 7.A*, to integrate the principles of sustainable development into country policies and programs and reverse loss of environmental resources. Deforestation, greenhouse gas emission and scare renewable water resources are three main key concerns for country policies and programmes. It is reflected in the MDGs reports that millions of hectares of forest are lost every year, threatening this valuable asset. Meanwhile, global greenhouse gas emissions continue their upward trend and the current situation for renewable water resources are becoming even scarcer.

Target 7.B , the second sub-mission, has been focused on reducing biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss. According to the latest estimation, the areas under protection in different regions have seen a substantial and encouraging trend. Protected areas are increasing, thus helping to safeguard natural resources. However, we must keep a clear mind of the serious fact that many species are being driven closer to extinction through declines in population and distribution

The third specific goal is *Target 7.C*, which is concerned with halving, by 2015, the proportion of the world's population without sustainable access to safe drinking water and basic sanitation. According to estimation, access to an improved drinking water source has become a reality for 2.3 billion people since 1990. Nevertheless, there are large amounts of people still relying on unsafe water sources. In terms of improved sanitation, more than a quarter of the world's population has gained access to it since 1990, yet about a billion people still resort to open defecation. The most serious case is that the poor and minorities in rural areas, may still lack access to both improved water and sanitation.

Sustainable Development Goals pertaining to Climate Change

Introduction to SDGs

Sustainable Development Goals (SDGs) are a follow-up effort to Millennium Development Goals (MDGs), in effect from 2000 to 2015.

The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

These 17 Goals build on the successes of the Millennium Development Goals, while including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities. The goals are interconnected – often the key to success on one will involve tackling issues more commonly associated with another.

SDGs at a Glance:-

The 17 Goals

1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
3. Ensure healthy lives and promote wellbeing for all at all ages
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5. Achieve gender equality and empower all women and girls
6. Ensure availability and sustainable management of water and sanitation for all
7. Ensure access to affordable, reliable, sustainable, and modern energy for all
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation
10. Reduce inequality within and among countries
11. Make cities and human settlements inclusive, safe, resilient, and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts (taking note of agreements made by the UNFCCC forum)
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation, and halt biodiversity loss
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

ABOUT PRI

The United Nations-supported Principles for Responsible Investment (PRI) Initiative is an international network of investors working together to put the six Principles for Responsible Investment into practice. Its goal is to understand the implications of Environmental, Social and Governance issues (ESG) for investors and support signatories to incorporate these issues into their investment decision making and ownership practices. In implementing the Principles, signatories contribute to the development of a more sustainable global financial system. Visit www.unpri.org.

ABOUT UNEP FI

UNEP FI is a global partnership between UNEP and the financial sector. Over 200 institutions, including banks, insurers and fund managers, work with UNEP to understand the impacts of environmental and social considerations on financial performance. Through its Climate Change Advisory Group (CCAG), UNEP FI aims to understand the roles, potentials and needs of the finance sector in addressing climate change, and to advance the integration of climate change factors - both risks and opportunities – into financial decision-making.

For more info visit www.unepfi.org.

About the G20:-

The Group of 20 is an organization of finance ministers and central bank governors from 19 individual countries and the European Union.

In addition to the United States, those countries are Argentina, Australia, Brazil, Britain, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea and Turkey. Collectively, its members represent more than 80 percent of the world's gross domestic product.

Established in 1999 after a series of major international debt crises, the G20 aims to unite world leaders around shared economic, political and health challenges. It is a creation of the more select Group of 7, an informal bloc of industrialized democracies.

Supporters argue that as national economies grow ever more globalized, it is essential that political and finance leaders work closely together.

The initial G20 agenda, as conceived by US, Canadian and German policy makers, was very much focused on the sustainability of sovereign debt and global financial stability, in an inclusive format that would bring in the largest developing economies as equal partners. During a summit in November 2008, the leaders of the group pledged to contribute trillions to international finance organizations, including the World Bank and IMF, mainly for re-establishing the global financial system. Since inception, the recurring themes covered by G20 summit participants have related in priority to global economic growth, international trade and financial market regulation.

The official themes for Osaka include global economic risks, trade disputes, job growth and investment, innovation and artificial intelligence, and women in the workplace. Japan is emphasizing the problem of plastic litter in the world's oceans and seas.

Several nations also hope to place a strong emphasis on collective action against climate change, a subject that may become a political flash point. This week, Mr. Macron called an affirmation of the 2015 Paris climate agreement a "red line" for drawing his signature on any joint statement. But Mr. Trump has called climate change a "hoax" and declared that the United States would withdraw from the Paris accord.

A Brief economic overview of member countries:

Argentina:-A middle emerging economy and one of the world's top developing nations, Argentina is a member of the G-20 major economies. Historically, however, its economic performance has been very uneven, with high economic growth alternating with severe recessions, income misdistribution and—in the recent decades—increasing poverty.

Australia: - An emphasis on exporting commodities rather than manufactured goods has underpinned a significant increase in Australia's terms of trade since the start of the 21st century, due to rising commodity prices. A wealthy country, Australia has a market economy, a high GDP per capita, and a relatively low rate of poverty. Ranked fifth in the Index of Economic Freedom (2017), Australia is the world's 14th largest economy and has the tenth highest per capita GDP (nominal) at US$55,692.

Brazil:-Brazil is the largest national economy in Latin America, the world's ninth largest economy and the eighth largest in purchasing power parity (PPP) according to the 2018 estimates. Brazil has a mixed economy with abundant natural resources. After rapid growth in preceding decades, the country entered an ongoing recession in 2014 amid a political corruption scandal and nationwide protests. The country has been expanding its presence in international financial and commodities markets, and is one of a group of four emerging economies called the BRIC countries.

Canada:-Since the early 20th century, the growth of Canada's manufacturing, mining, and service sectors has transformed the nation from a largely rural economy to an urbanized, industrial one. Canada is the world's tenth-largest economy as of 2018, with a nominal GDP of approximately US$1.73 trillion. It is a member of the Organization for Economic Co-operation and Development (OECD) and the Group of Eight (G8), and is one of the world's top ten trading nations, with a highly globalized economy.

China:-China had the largest economy in the world for most of the past two thousand years, during which it has seen cycles of prosperity and decline. As of 2018, China had the world's second-largest economy in terms of nominal GDP, totaling approximately US$13.5 trillion. China's economy has been the largest in the world since 2014, according to the World Bank. Since economic reforms began in 1978, China has developed into a highly diversified economy and one of the most consequential players in international trade. However, it ranks behind over 70 countries (out of around 180) in per capita economic output, making it a middle income country. Additionally, its development is highly uneven.

France:-A member of the Group of Seven (formerly Group of Eight) leading industrialized countries, as of 2018, it is ranked as the world's tenth largest and the EU's second largest economy by purchasing power parity. France has a mixed economy that combines extensive private enterprise with substantial state enterprise and government intervention. The government retains considerable influence over key segments of infrastructure sectors, with majority ownership of railway, electricity, aircraft, nuclear power and telecommunications.

Germany:-Germany has a social market economy with a highly skilled labour force, a large capital stock, a low level of corruption, and a high level of innovation. It is the world's third largest exporter of goods, and has the largest national economy in Europe which is also the world's fourth largest by nominal GDP and the fifth one by PPP.

India:-According to the International Monetary Fund (IMF), the Indian economy in 2017 was nominally worth US$2.611 trillion; it is the sixth-largest economy by market exchange rates, and is, at US$9.459 trillion, the third-largest by purchasing power parity, or PPP. With its average annual GDP growth rate of 5.8% over the past two decades, and reaching 6.1% during 2011–12 India is one of the world's fastest-growing economies. However, the country ranks 140th in the world in nominal GDP per capita and 129th in GDP per capita at PPP. It has slowly moved towards a free-market system by emphasizing both foreign trade and direct investment inflows.

Indonesia: - Indonesia has a mixed economy in which both the private sector and government play vital roles. The country has the largest economy in Southeast Asia, and is a member of the G20, and is classified as a newly industrialized country. As of 2018, it is the world's 16th largest economy by nominal GDP and 7th in terms of GDP at PPP, estimated to be US$1.074 trillion and US$3.481 trillion respectively. Over time, the structure of the economy has changed considerably.

UK: The UK has a partially regulated market economy. Based on market exchange rates, the UK is today the fifth-largest economy in the world and the second-largest in Europe after Germany. The UK service sector makes up around 79 per cent of GDP. London is one of the three "command centers" of the global economy (alongside New York City and Tokyo), it is the world's largest financial center alongside New York, and it has the largest city GDP in Europe.

Turkey: Turkey has the world's 13th largest GDP by PPP and 17th largest nominal GDP. The country is among the founding members of the OECD and the G-20.

Italy: - Italy has a major advanced capitalist mixed economy, ranking as the third-largest in the Eurozone and the eighth-largest in the world.[180] A founding member of the G7, the Eurozone and the OECD, it is regarded as one of the world's most industrialized nations and a leading country in world trade and exports. It is a highly developed country, with the world's 8th highest quality of life in 2005 and the 26th Human Development Index.

Japan:-Japan is the third largest national economy in the world, after the United States and China, in terms of nominal GDP,[164] and the fourth largest national economy in the world, in terms of purchasing power parity.

Russia: - Russia has an upper-middle income mixed economy with enormous natural resources, particularly oil and natural gas. It has the 12th largest economy in the world by nominal GDP and the 6th largest by purchasing power parity (PPP). Since the turn of the 21st century, higher domestic consumption and greater political stability have bolstered economic growth in Russia. The country ended 2008 with its ninth straight year of growth, but growth has slowed with the decline in the price of oil and gas. Growth was primarily driven by non-traded services and goods for the domestic market, as opposed to oil or mineral extraction and exports.

Saudi Arabia: - As of October 2018, Saudi Arabia is the largest economy in the Middle East and the 18th largest in the world. Saudi Arabia has the world's second-largest proven petroleum reserves and the country is the largest exporter of petroleum. It also has the fifth-largest proven natural gas reserves. Saudi Arabia is considered an "energy superpower”. Challenges to the Saudi economy include halting or reversing the decline in per-capita income, improving education to prepare youth for the workforce and providing them with employment, diversifying the economy, stimulating the private sector and housing construction, and diminishing corruption and inequality.

South Korea:- The economy of South Korea is the 4th largest in Asia and the 11th largest in the world. It is a mixed economy dominated by family-owned conglomerates called chaebols; however, the dominance of the chaebol is unlikely to last and engenders risk of slowing down the transformation of Korean economy for the benefit of future generations. South Korea is known for its spectacular rise from one of the poorest countries in the world to a developed, high-income country in just a few generations. This economic growth is called by some a miracle, and described as the Miracle on the Han River, which has brought South Korea to the ranks of elite countries in the OECD and the G-20. South Korea still remains one of the fastest growing developed countries in the world following the Great Recession. It is included in the group of Next Eleven countries that will dominate the global economy in the middle of the 21st century.

South Africa: - South Africa has a mixed economy, the second largest in Africa after Nigeria. From 2004 onward, economic growth picked up significantly; both employment and capital formation increased.

The European Union: - The European Union is the second largest economy in the world in nominal terms (after the United States) and according to purchasing power parity or PPP (after China). The European Union's GDP was estimated to be $18.8 trillion (nominal) in 2018, representing ~22% of global economy (Nominal global GDP). The euro, used by 19 of its 28 members, is the second largest reserve currency as well as the second most traded currency in the world after the United States dollar. The euro is the official currency in 25 countries, in the euro-zone and in six other European countries, officially or de facto.

The European Union (EU) economy consists of an internal market of mixed economies based on free market and advanced social models. The GDP per capita (PPP) was $37,800 in 2017, compared to $59,495 in the United States, $42,695 Japan and $16,636 in China. There are significant disparities in GDP per capita (PPP) between member states ranging from $105,148 in Luxembourg to $21,678 in Bulgaria. With a low Gini coefficient of 31, the European Union has a more egalitarian repartition of incomes than the world average.

Questions That a Resolution Should Answer

- What are the advantages and disadvantages of current policies and how the new resolution would provide a better solution for the same?

- How can greater transparency be achieved within countries with unstable and corrupt governments to ensure prevention of climate change remains a prime concern?

- How FI should lend and support their helping hand for non-conventional use of energy?
- What is the Progress of H2020 Agenda?
- What are the numerous ways of combating Permafrost Degradation?
- What is an Impact of Maritime Cargo on Climate Change?
- How much Financial and feasibility wise importance should be given to most pollutants emitting sectors; Inter Alia- Automobile. How projects like Tesla et cetera should be welcomed by Developing countries under G20?
- What are the Substitutions or alternate ways for inevitable use of hazardous things like plastic or/and thermocol and its impact on climate change?
- What are the other (negative if any) effects of Carbon Prints selling markets? Does Funding Carbon neutral or positive countries like Bhutan serves solutions to global climate change issue?
- What kind of incentives countries can provide to boost start-ups that purport to minimize or solve environmental problems? How can G20 aid it?

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