

**Submitted on Behalf of the
Major Economies Business Forum on Energy Security and Climate Change**

**Concerning
Observer Participation: Proceedings of the Board of the Green Climate Fund**

In reply to the request from the GCF Interim Secretariat (c/o Jagjeet Sareen)

Thank you for this opportunity to comment on participation of observers in operationalizing the Green Climate Fund (GCF). We view this as an important opportunity to provide input from the business community both on ways for us to engage as well as to provide relevant information on specific topics.

The Major Economies Business Forum on Energy Security and Climate Change (BizMEF) is a voluntary coalition of national and regional major, multi-sectoral national business associations from over 15 countries, including membership from all six continents and from developed and developing countries (see www.majoreconomiesbusinessforum.org). Collectively, we have agreed to work to promote the creation of a comprehensive, recognized channel for business engagement with the UNFCCC and its emerging institutions. In the meanwhile, we will develop and provide business input to each institution as they develop their own procedures.

Your request raises many of the substantive issues that concern us in providing input on behalf of business in an arena so diverse, so far-reaching, and so long-term as will be required for the evolving response to climate change.

In light of the very short time to develop a response, please regard these thoughts as preliminary. We welcome the opportunity to work with you as the process goes forward. Fundamentally, BizMEF would like to strive for a business interaction with the GCF that:

- is as “active” and substantive as possible;
- allows for an ongoing dialogue that is of mutual value;
- is modeled on existing consultative arrangements for business with inter-governmental bodies and deliberations; and
- builds long-term capacity and continuity.

Business interactions with GCF should provide opportunities on three mutually reinforcing levels:

- to gain a better understanding of the enabling conditions needed to mobilize and leverage private sector resources;
- to understand the practicalities of projects and promote them; and
- to contribute to capacity building via the GCF.

In this connection, we would like to stress 3 main points:

1. There is little chance that one or two individuals, especially acting on their own behalf, can provide an informed, representative or accountable business viewpoint covering the vast array of issues relevant to the GCF.
2. A diverse set of business groups are already accredited to the UNFCCC; no single business or trade association today represents the collective interests of all of them. Consequently, it would be difficult to define the roles and responsibilities of *active observers* to the GCF Board with respect to the entire business constituency without a recognized alliance of business groups working together to support and inform active observers. Well functioning, recognized arrangements for business constituencies exist in other inter-governmental deliberations that could serve as models for GCF-business interactions.
3. That said, BizMEF will cooperate to provide input to the GCF Board under whatever procedures are finally established.

With respect to the 1st point on the range of expertise relevant to the activities of the Green Climate Fund: Actions required to mitigate and adapt to climate change are extremely diverse. They span the realm from production, distribution and use of electric power in a vast variety of ways, to production and utilization of fuels and vehicles in the transport sector, to the use of energy, not only by industrial firms and businesses, but also by consumers, cities, governments, and other organizations, to agriculture and land use, among others. Each of these groups has its own way of financing activities, and each of these methods is important in its own right. Circumstances differ not only among sectors, but also among countries and regions.

Note that major investment projects in private facilities and equipment and public infrastructure and capacity building involve a variety of key actors. It is our view that input from the business community to the GCF should not be limited to input only from the financial sector *per se*. Input should also be sought from firms involved in operational activities. While many projects and activities obtain funds through the private financial sector or through bonds, development banks, or other processes in the public sector, many private firms self-finance projects to a large degree. The concerns of operating companies as to which types of activities are eligible and what enabling frameworks are necessary for successful investments and other projects are particularly relevant to considerations of the GCF.

With respect to the 2nd point: Strict rules and procedures apply to individuals, businesses, and associations that provide input to governmental organizations; these rules and procedures exist to ensure that input and advice are not at odds with rules regarding antitrust and corruption. Businesses often combine to provide input through business and trade associations to assure that these procedures are followed. Rules of membership and governance of each individual business association define roles and responsibilities of their members. These can vary between organizations. In all cases, business and trade associations can only represent, in any official status, the views of their members.

Members of BizMEF have agreed to work together to promote greater and more formal business engagement with the UNFCCC and its emerging institutions. Collectively, we can help provide representative views on behalf of a wide array of businesses across the globe. "Active observers" serving in their own capacity cannot provide adequate expertise to span the necessary range of issues or interests that successful GCF activities will rely upon, nor can they build collective capacity among business and other participants in the GCF over time.

With respect to the 3rd point: We have had little time to prepare this response to your request. Drawing in part on activities by a number of business groups working to promote business engagement with the UNFCCC over the past few years, BizMEF recently formed a task force explicitly to develop input to the GCF, among other emerging institutions. However, that work is just getting underway. Because these are complex issues, please regard these recommendations and views as preliminary inputs. We believe everyone will be better served if we take the time to develop and convey more informed and representative input into the GCF. We will keep you apprised of the progress of our work and provide input in a timely manner, in keeping with your schedule.

BizMEF welcomes the opportunity going forward to work with you. We intend to provide relevant input to the GCF and to participate as appropriate, under whatever procedures are ultimately approved, with the board and its members.

Responses to your questions follow.

Responses to Questions

1. Guidelines for accreditation of observers

What are the key elements of the processes and guidelines for accreditation of observers for the GCF? These would be dependent in part on logistical realities and procedural decisions of the board of GCF. The board should consider conducting its proceedings and distributing its results in a way that is easily accessible to all interested observers through the Internet.

2. Active observers

- a) **What should be the modalities of participation of active observers in the Board meetings?** Active observers for business should have the opportunity to provide written advice and input on specific issues in advance of meetings; this implies that meeting agendas should be prepared well in advance to allow for coordinated business input. In our view, this input would be prepared through a broad multi-sectoral and geographically wide coalition of business (as described in 2e). At meetings, business observers should be able to intervene as appropriate according to the procedures of the board. They should not play a formal role in any decisions of the board.
- b) **What should be the roles and responsibilities of the active observers towards their respective constituencies?** The business constituency itself should appoint active observers to represent a coalition of engaged business associations and should develop a focal point for business input into the GCF. This coalition would define the roles and responsibilities (to the constituency) that their representatives would play. Active observers should also communicate broadly with the entire business constituency, ideally through a formal business channel established under the UNFCCC. In the interim the existing UNFCCC constituency focal point should be used to communicate reports, notice of meetings, meeting summaries, etc.
- c) **What should be the selection procedure for active observers, both for civil society and private sector?** We recognize that legitimacy is the key factor in such a selection procedure. BizMEF seeks as a long-term goal the development of a formal, comprehensive, recognized channel for business engagement with the UNFCCC and its emerging institutions. (BizMEF's views are available on its web site: www.majoreconomiesbusinessforum.org. See for example the issue papers *Green Climate Fund and the Role of Business* and *Enhancing the Role of Business in Climate Change and Energy Security Policymaking*.) If such a recognized channel existed, it would provide a legitimate process for the business community to nominate representatives on their behalf to positions with the GCF (and other institutions). Absent such a recognized channel, it is important that the GCF establish a transparent process that provides input for a broad range of business views across all economic and business sectors. Limiting input to one or two individuals or to business groups with a particular view on the issues would undermine the legitimacy of the process and the role of the

observer. We are prepared to work in good faith with other accredited business groups to the UNFCCC to self-nominate representatives for business.

- d) **What could be the general parameters and criteria for the selection of active observers?** GCF will be better served if its business observers are accountable to the broader international business community. We believe that it would be best to allow the business associations themselves to decide on the parameters and criteria for their representation. In our view, this would include individual expertise and capability of the designated active observers, coupled with the responsibility to reach out within business membership to obtain informed viewpoints in advance on appropriate topics.
- e) **Would a “self-selection process” be a preferred mechanism for the selection of active observers?** Yes.
- f) **What should be the terms of active observers?** In our view, the active observer positions should be held by designees of the recognized business coalition. Active observers should maintain their position for a period sufficient to become familiar with the procedures and processes of the GCF board, perhaps two years. Continuity would best be assured by maintaining representation through the coalition of business organizations. They would self-nominate a successor who would work with the incumbent to assure a smooth transition. Perhaps staggered terms could be considered to ensure some continuity. Another, perhaps preferable, mode of operation to consider would be to designate, *e.g.* two, slots (rather than individuals) for active business observers, and allow the business coalition to fill those slots with individuals with appropriate expertise, depending on the issues under consideration.
- g) **Should there be a provision for alternates for active observers?** Yes. The business coalition responsible for self-appointing the active observers should also appoint their alternatives (or see previous answer: fill those slots).
- h) **Would Civil Society Organizations (CSO) be in a position to provisionally identify two active observers for the First Board meeting?** Presumably, the question applies not only to CSO organizations, but also to the private sector. Members of BizMEF working with other accredited business groups will seek to identify two active observers (one from a developed and one from a developing country) and their alternates.
- i) **How can the selected active observers ensure equitable representation of various voices from the diverse CSO community?** This could be very challenging. We believe that the business constituency can agree on internal principles and procedures to designate representatives. We have been successful in other international processes in doing so.

3. Consultation with the GCF Board

- a) **Would provisions for consultations with the Board prior to Board meetings be useful?**
Yes
- b) **What should be the mode and duration of any pre-meeting consultations?** Likely this would depend on the issues before the board. For example, it would be very useful to have an opportunity to clarify the issues under discussion and anticipated input from observers in advance.
- c) **Would an annual forum for consultations be a useful platform for consultations? Any other ideas for the modalities of consultation?** Perhaps, such a forum would be of value. The business community in most cases would prefer to have more specialized modes of interaction in which the business community could provide its views unfiltered. As appropriate these could include opportunities to:
- provide written input on agenda items and other relevant issues;
 - review and comment on draft issue papers;
 - propose topics and participants in workshops; and
 - provide proposals for potential new agenda items.
- d) **How should the contributions from the broader civil society be channeled to the Board in between its meetings?** Views should be submitted in writing and, for transparency, posted to be accessible by the public.
- e) **What should be the mechanism for submission of views?** We would prefer that views be submitted electronically and compiled and posted by the Secretariat.

4. Availability of relevant information and documents

- a) **What is the reasonable timeline for receiving documents for effective consultation before each Board meeting?** To provide time for adequate internal discussion and consultation documents should be available at least 6 weeks before meetings.
- b) **What are the useful and equitable modes of dissemination of information?** Materials can be distributed in electronic format. The existing UNFCCC constituency focal points provide a means to distribute materials broadly to all interested accredited observer organizations.

5. Support for observer participation

What kind of institutional and financial support is needed from the GCF for substantive participation and effective representation of observers and how should such funds be raised? If structured properly and with the broad support of the business community, business would take on the costs for its participation and no institutional support would be needed.

6. Measuring the level of observer involvement in proceedings of the Board

Should there be specific indicators to measure the level of observer participation in proceedings of the Board? What could these indicators be? Business above all recognizes the value of well-structured meetings and proceedings. Indicators may not be the most appropriate means to measure engagement, as the quantity of interaction may say very little about the quality of that interaction. Perhaps instead of indicators, best practices could be adopted in this regard. As well the Board should consider establishing a process that promotes continuous improvement as a means to enhance its contribution. This would be a useful topic to develop over time.

About BizMEF

BizMEF is a partnership of major multi-sectoral business organizations from major economies. Modeled after the government-to-government Major Economies Forum, BizMEF is a platform for these groups to:

- promote dialogue and exchange views on climate change and energy security across a broad spectrum of business interests including major developed, emerging, and developing economies;
- highlight areas of agreement among participating organizations on the most important issues for business in international climate change policy forums; and
- share these views with governments, international bodies, other business organizations, the press, and the public.

Organizations that have participated in BizMEF meetings represent business groups in Australia, Brazil, Canada, China, the European Union, Denmark, France, Germany, India, Italy, Japan, Kenya, Mexico, New Zealand, South Africa, Turkey, the United Kingdom, and the United States. Collectively, BizMEF organizations represent more than 25 million businesses of every size and sector. Because BizMEF partnering organizations represent a broad range of companies and industries—including energy producing and consuming companies as well as energy technology and service providers—the partnership is able to provide robust and balanced views on a range of issues.

For more information on BizMEF, please visit our website at:
www.majoreconomiesbusinessforum.org.