

Major Economies Business Forum

on Energy Security and Climate Change



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Major Economies Business Forum: Business in the UNFCCC—A Proposal for the Paris 2015 Outcome

KEY MESSAGES

- Business routinely interacts with national governments through well-established domestic processes in most nations. These existing national processes in which BizMEF members participate, continue to be critically important, but a broader, global business consultation can supply appropriate and information at the international levels, especially concerning impacts and realities of global market, economic and supply and value chain connections, and global deployment and investment.
- The Major Economies Business Forum (BizMEF) favors establishing a single recognized and business managed business channel, based on the model of the Organisation for Economic Cooperation and Development's (OECD) Business and Industry Advisory Committee (BIAC) as part of the Paris outcome parties aim to conclude in 2015. This recognized interface for policy and technical advice and two-way information sharing would build on specific and distinct business interfaces to new U.N. Framework Convention on Climate Change (UNFCCC) bodies, such as the Technology Mechanism and GCF.

- Business involvement is referenced in the Bali Action Plan and in Cancun and Durban decisions, particularly with regard to emerging post-Durban institutions, such as the Green Climate Fund, Technology Mechanism, Adaptation Committee and elsewhere.
- Business engagement can take many forms, including voluntary initiatives and partnerships, corporate responsibility actions, capacity building, and consultative policy and technical advice. For the purpose of this paper and its recommendations, we focus on policy and technical advice and information sharing, but believe that all forms of engagement are to be encouraged.
- In addition to the “institution-by-institution” interfaces, business engagement is imperative at the international UNFCCC-wide level on policy formulation, process, and implementation.
- Whether at the institutional level, or across the UNFCCC, business input should be developed and communicated by business itself, through a process that represents all sectors and nationalities, on a voluntary basis that is designed to solicit and convey the range of responsible and relevant views.
- Business engagement should be brought in at every step of the process in a meaningful and active way, for example, by assisting in developing agendas and setting terms of discussion, offering submissions, commenting on papers, and participating in discussions.
- The benefits of recognized consultative engagement by business to the UNFCCC and to governments are many:
 - A source of responsible business expertise and policy advice to complement existing business interactions at national and international levels;
 - A supportive and positive relationship based on long term commitment to the multilateral process’s success; and
 - A set of global business perspectives from developing and developed countries, across all sectors, and involving companies of all sizes and nationalities.
- Arrangements for business interfaces to the UNFCCC bodies should be:
 - recognized and of value to governments and the Secretariat;
 - based on clear transparent governance, managed by business, as a flexible, responsive process that mirrors and is responsive to the UNFCCC framework and priorities; and
 - provide technical and practical expertise, reflect consensus when possible, but also express a range of relevant, responsible views, relating to every aspect of UNFCCC elements, such as mitigation, adaptation, finance and technology.

- There are a wide variety of entities considered as "business groups," ranging from:
 - organizations that are made up of and are governed by businesses;
 - public-private sector partnerships with business; and
 - non-governmental or inter-governmental groups that work with business, or that promote voluntary initiatives.

- For the purpose of this paper, business groups are understood as business-organized, business managed voluntary partnerships or non-profit organizations, whether sectoral or multi-sectoral, usually working with business entities through a membership arrangement. Examples include BizMEF, International Chamber of Commerce, BIAC, International Organisation of Employers, and World Business Council for Sustainable Development. Only such organizations can claim to speak for business and fully reflect business views because of their sole and direct accountability to their business members.

- Governance, expertise and transparency are among key criteria for a recognized consultative business channel. Business groups involved this channel should demonstrate that they:
 - consult widely, including with SMEs and in developing countries and engage in 2-way interactions to inform business of developments in UNFCCC, as well as to provide business perspectives and technical expertise to the UNFCCC;
 - represent informed and responsible business views to strengthen the UNFCCC's structure and action; and
 - engage in the development of multilateral policy and implementation through the UNFCCC.

INTRODUCTION

A. BizMEF'S INVOLVEMENT

BizMEF has long favored establishing specific and distinct business interfaces to new UNFCCC institutions in the near term that could evolve toward a single recognized business channel managed by business.

The OECD's BIAC provides a useful model that could be used as a template for anchoring the role of business in the Paris Agreement, and related decisions referring to INDCs, and raising pre-2020 ambition.

The model is based on national, multi-sectoral affiliates who participate in, manage, and fund the activity.

BizMEF welcomes positive steps that have been taken since it first made this proposal. This paper builds on positive progress with emerging institutions and the UNFCCC and suggests a roadmap for the gradual development of such a single business channel that would:

1. provide a resource to governments, regional groups and the Secretariat in the next year developing the post-2020 agreement;

2. begin to consolidate interfaces with UNFCCC institutions, such as the Green Climate Fund (GCF), Technology Executive Committee, Climate Technology Centre and Network (CTCN), and others; and
3. continue to function to support the work of the UNFCCC process, not only at meetings but also in its ongoing work throughout the year.

In BizMEF's view, such an arrangement supports and respects the inter-governmental and party driven nature of UNFCCC, and will strengthen implementation across mitigation, adaptation, technology and finance pillars. It can improve consultation and the development and exchange of information without interfering in the decision-making and accountability that are the responsibility of parties.

The UNFCCC has a long and dynamic history of openness to observer organizations, including those from business and industry.

The UNFCCC is to be commended for its continuing leadership in pursuing new options to involve important societal partners, and this effort has received welcome support from governments from the beginning.

Appropriately, the form and modalities of those arrangements have evolved with the Convention itself, and reflect the growing trend and broader context toward transparency and engagement of non-governmental actors in multilateral discussions, notably those relating to sustainable development.

This perennial discussion of enhancing business involvement also reflects the clear recognition and commitment of business itself to provide cost-effective and practical solutions to the linked challenges of energy security, development and climate change.

B. UNFCCC DISCUSSIONS OF THE ROLE OF BUSINESS

The Polish Presidency held the first Business-Ministerial consultation prior to the Pre-COP in Warsaw last year. Both government and business attending that meeting underscored the value and timeliness of moving ahead to consider ways to have more regular opportunities to inform the policy deliberations and offer practical experience and information to governments and the UNFCCC process.

In 1994, the Government of New Zealand proposed consideration of a mechanism to allow a closer dialogue and working relationship between UNFCCC and business. While no consensus was reached in SBSTA discussions of this over a two year period, and the initiative was dropped, it foreshadowed the growing recognition by governments and the UNFCCC of the need to engage business expertise, especially in innovation, technology development and deployment, trade investment and finance.

Other UNFCCC efforts to consider and invite more substantive involvement of business have included:

- discussions within the SBSTA Experts Group on Technology Transfer – EGTT held informal dialogues with business at its final meetings; and

- the Mexico Dialogues, a public private sector series of discussions with business representatives, hosted by the Government of Mexico in the run-up to COP-16 in Cancun, Mexico, and continued by the Government of South Africa the following year.

The Mexican and South African governments placed a strong emphasis on improved involvement by business and other non-governmental actors. In 2012, BizMEF held a Business Dialogue with Governments during COP-18 in Doha, building on the Mexico dialogues. With encouragement from several governments in Doha, and in co-operation with the Polish business community and government, BizMEF continued the Business Dialogue process in Warsaw at COP-19, and will convene the Lima Business Dialogue at COP-20 in Lima.

The Subsidiary Body for Implementation (SBI) considered enhancing the engagement of observer organizations as part of its agenda item on “Arrangements for International Meetings.” Among decisions reached, the UNFCCC will include High Level Roundtables with non-governmental and business participants in future COPs.

The Innovation For Cool Earth Forum (ICEF), hosted by the Japanese Government, provided an opportunity to collect business voices from various sectors. Through this approach, it contributed to raise awareness on the importance of technological innovation and how greater business engagement with business can help advance new technologies.

BUSINESS INTERFACE WITH UNFCCC INSTITUTIONS

Thanks to the support of governments, the UNFCCC secretariat and the business community, BizMEF is encouraged to see first steps towards more meaningful engagement of business in new UNFCCC institutions. These separate and diverse interactions are useful to gather experience as these new bodies build their own structures and procedures.

Climate Technology Center and Network: The U.N. Environment Programme (UNEP) and consortium will host the CTCN. We encourage UNEP to develop user-friendly and self-designated links with national, regional and international business groups with expertise, and have offered to help them identify existing networks that business routinely uses to assist in technology deployment.

The UNFCCC Green Climate Fund (GCF), GCF Executive Board: The GCF Executive Board has held its first meeting, with the involvement of “Active Observers.” Business organizations attending that meeting, including BizMEF, encouraged the GCF to provide a clear mandate to those observers to be “active” with “recognized” input opportunities. Moreover, business has recommended that such observers should be designated by business to fill those slots with individuals with appropriate expertise, depending on the issues under consideration.

GCF Private Sector Facility: The GCF Private Sector Facility will need to define its objectives and structure, as a critical

starting point for considering how to design business entry points and interfaces.

EXAMPLES OF RECOGNIZED BUSINESS INTERFACES IN INTERGOVERNMENTAL DISCUSSIONS

As Parties consider the benefits and modalities for substantive business engagement, they should bear in mind several examples of ongoing, recognized successful and mutually beneficial business consultative relations with intergovernmental bodies. These include:

- **The International Labor Organization (ILO):** ILO features a tripartite structure shaping global labour and social policy, which includes governments, trade unions, and employers. Employers participate through the International Organization of Employers which represents more than 150 business and employer organization members and partner companies around the world, including many developing countries and involving numerous small and medium enterprises.
- **Organization for Economic Cooperation and Development (OECD):** OECD established two recognized consultative bodies—for trade unions and business—organized on the basis of national offices/affiliates in OECD member states.
- **Asia Pacific Economic Cooperation (APEC):** This multi-disciplinary

intergovernmental regional body includes a parallel business organization (the APEC Business Advisory Council, ABAC) that works closely with governments to provide technical and policy advice.

- **Asia Pacific Partnership (APP)/Global Superior Energy Performance Partnership:** APP was an international public-private sectoral partnership that brought together business and government entities to advance projects that improved energy efficiency and provided investment opportunities in more environmentally-friendly manufacturing. Three APP working groups have now been moved into the new Global Superior Energy Performance Partnership under the Clean Energy Ministerial.
- **Strategic Approach to International Chemicals Management:** Business organizations participate in this non-negotiating forum on international chemicals policy with governments and important stakeholder interests for collaborative action. These established arrangements provide working models that could be considered in designing similar arrangements for business vis-à-vis the UNFCCC.

A ROADMAP TO BUILDING A RECOGNIZED CONSULTATIVE BUSINESS CHANNEL TO THE UNFCCC AS PART OF THE PARIS OUTCOMES

BizMEF strongly believes that a recognized channel for business and industry should be

an indispensable element of the post-2020 framework under discussion by UNFCCC Parties.

Business will continue to play a central role in technology innovation and deployment, investment, and job creation.

The UNFCCC now has a significant opportunity to tap into the business community's unique operational expertise and understanding of various types of policy mechanisms, and its technological, investment, and management expertise in designing and implementing the new international cooperative framework.

In our view, this channel would be organized on the "BIAC-model," through business-organized multi-sectoral national affiliate offices or contact points in every nation. These would be self-organized and funded by the business community itself.

These national affiliates could be built on existing major multi-sectoral business or employers organizations, such as those that participate in BizMEF. Like BIAC, the channel also could call on the expertise of international sectoral associations through expert affiliations.

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;

The channel would eventually provide a central contact point for all UNFCCC institutions, and function as a source of technical input and responsible business views from the international business community. It would complement established informal and formal dialogues and interactions between business, governments, and the UNFCCC. Obviously, this channel would:

- be active in international interactions with participants in the international process; and
- complement, but not supplant, existing national and regional processes for consultation with business.

This proposal suggests a process to build a flexible, durable and informed resource in line with the new post-2020 framework Parties will develop, going forward from COP20 in Lima.

We look forward to discussing this proposal further in Lima, and to taking concrete steps to lay the foundations for such a substantive and cooperative relation in the GCF, CTC&N, and other UNFCCC bodies.

- 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, Mexico, New Zealand, South Africa, South Korea, 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.