

Major Economies Business Forum

on Energy Security and Climate Change



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Major Economies Business Forum Business in the UNFCCC: An Essential Element of Institutional Infrastructure for the Paris Agreement

Key Messages

- As the UN Framework Convention on Climate Change (UNFCCC) has grown and evolved, so too have the business interactions with it and its satellite bodies, such as Technology Executive Committee (TEC), Climate Technology Centre and Network (CTCN), Green Climate Fund (GCF), and the Adaptation Committee.
- Business and industry community has distinct valuable experience and capabilities to share, and the Paris Agreement's success depends on tapping those resources to support the transformative and all-of-economy efforts that business will largely be responsible for delivering.
- Business is also interested in working with "champions" to contribute to their work program: in particular, how to monitor progress of voluntary initiatives by non-state actors and ways to enhance their effectiveness.
- The major Economies Business Forum (BizMEF) recommends building on positive progress within the UNFCCC and its institutions for engagement with business and other stakeholders and recommends the development of a "multi-tasking" business channel that would:
 - begin to consolidate interfaces with existing and emerging UNFCCC institutions; and

- function as a resource for the work of the entire UNFCCC process, not only at meetings but also in its ongoing work throughout the year.
- This channel would be built on practical and specific tasks, with a special focus on technical input, economic assessment, and business input into the five-year cycle of review as part of the transparency process.
- Such a channel could be organized using as a model the Business and Industry Advisory Committee (BIAC) of the Organisation for Economic Co-operation and Development (OECD), including:
 - business-organized multi-sectoral national affiliate offices or contact points in every nation;
 - participation from international sectoral business associations;
 - self-organized and funded by the business community itself;
 - national affiliates built on existing major multi-sectoral business or employers organizations, such as those that participate in BizMEF.
- To these ends, BizMEF recommends that COP-22 takes decisions that:
 - Call on the Subsidiary Body on Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA) to organize a joint workshop in 2017 on options for business engagement in strengthening implementation, including in the transparency process.
 - Continue to strengthen and expand the involvement of business in existing and emerging UNFCCC institutions.
 - Seek business engagement that is representative and inclusive at every step of the policy and implementation process - prior to entry-into force, and in the near and long terms - in meaningful and active ways, for example, by assisting in developing agendas and setting terms of discussion, offering submissions, commenting on papers, and participating in discussions.
 - Encourage the “champions” to work with business and other non-party actors as they develop their work program: in particular, how to monitor progress of voluntary initiatives by non-state actors and ways to enhance their effectiveness.
 - Provide Additional clarity on how progress made from voluntary efforts can be reported and supplement/overlap with nation contributions.

Introduction

The Paris Agreement (Article 13) establishes an enhanced framework for transparency of action and support. It is clear to BizMEF members: the existing institutional infrastructure of the UNFCCC for private sector involvement is inadequate to rise to the challenges of the Paris Agreement and the (Intended)

Nationally Determined Contributions (I)NDCs on which it is founded. Existing voluntary efforts—such as the Global Action Agenda and the Champions—have neither the mandate nor structure to create mainstreamed substantive dialogue with the vast breadth of the business community to inform the UNFCCC’s work, especially regarding business perspectives on policy and

What is a BINGO?

There are a wide variety of entities considered to be "business groups," or Business and Industry NGOs (BINGOs), ranging from:

- organizations that are made up of and are governed by businesses;
- public-private sector partnerships that include business; and
- non-governmental or inter-governmental groups that work with business, or that promote voluntary initiatives by the business community.

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, Business and Industry Advisory Committee, 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.

Whether at the institutional level, or across the UNFCCC, representative 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.

processes, such as markets, transparency and the global stocktake.

As the UNFCCC has grown and evolved, so too have the business interactions with it and its satellite bodies, such as TEC, CTCN, GCF and the Adaptation Committee. After Paris, a distinct channel for representative business input is needed to support the transformative and all-of-economy efforts that the private sector will be at the forefront to support and deliver.

The run-up to COP-21 engaged an unprecedented number and range of stakeholders, including the private sector, to tap their expertise and support, and this was met with a strong positive response as business stepped forward. This was a necessity: the implementation and resourcing of what would become the

Paris Agreement clearly relies on business involvement and resources, and business has sought to inform and strengthen the UNFCCC process over its long history. The Paris Agreement could not have been agreed to in the absence of close co-operation between the public and the private sector. Yet in spite of that, the Paris Agreement does not contain a single mention of business or the private sector.

Many Parties do acknowledge business as an indispensable partner for the Paris Agreement. In that context, it is well understood that progress towards the Paris Agreement's objective will depend on successful elaboration, enactment and execution of current (I)NDCs—which should animate business communities across every nation—and on even more ambitious actions in yet-to-be-defined

future national pledges. In other words, multi-stakeholder mobilization will be crucial to implementation.

Stimulating an “all of society” -- inclusive of an “all of economy” -- effort to operationalize the (I)NDCs – and indeed the Paris Agreement as a whole—cannot be accomplished without the business community. To do this, Parties will need to create effective, efficient, and credible engagement and transparency systems—both domestically and internationally—including with economic stakeholders, i.e., business. In particular, the UNFCCC should consider options that would engineer in the inputs and perspectives of business into the facilitative dialogue and global stocktake that will take place in 2018.

BizMEF recommends that the UNFCCC conduct an in-session workshop to in 2017 under the joint auspices of the SBI and SBSTA to discuss options for business consultation and advice and to support implementation (ambition, adaptation, investment, finance, and technology) and inform the UNFCCC transparency and assessment processes.

Tapping Business’s Technical Expertise before and after Entry into Force—The UNFCCC Technology Mechanism and the Technical Experts Meetings

The lack of a defined, comprehensive engagement structure for business restricts opportunities for large-scale sharing of business expertise, innovation and technology. While the business community seeks a recognized channel for consultation in the UNFCCC, the enhanced opportunities that have occurred already in the UNFCCC provide helpful examples for how engagement can grow. In other

international institutions such as the International Labour Organisation (ILO) and the Organisation for Economic Co-operation and Development (OECD), a recognized process of consultation with business has provided more efficient and effective sharing of information between governments and business. This can also help to promote trust and continuous improvement, *e.g.* through the opportunity to establish effective expert networks that would be a resource for governments and the UNFCCC.

Representative business and industry groups should be asked to offer comments and suggestions on agendas for technical experts meetings (TEMs) as well as to nominate experts to participate in TEMs. This could be through a web-based system via constituency focal points, as an extension of the current system used to invite constituencies to UNFCCC special events. It is vital that discussions on TEMs are initiated well in advance of the events to allow for the availability of the appropriate experts from business.

A more formal follow-up process should be established for the TEMs to enable continued interaction with experts from the constituencies, in particular with business. TEMs focused on innovation needed after the Paris Agreement entry into force should encourage broad innovation not only of technology, but also finance and business models.

Increasing Ambition Through Voluntary Actions by Business: One Part of Business Engagement

COP outcomes in Lima (2014) and Paris (2015) created opportunities for companies and other stakeholders to register voluntary initiatives through the Non-State Actor Zone for Climate Action

(NAZCA), and the Lima-Paris Action Agenda (LPAA)—now the Global Action Agenda (GAA)—among others.

NAZCA and the GAA are intended to mobilize, register and showcase voluntary commitments and efforts by business, civil society, cities, states, and other stakeholders. Business is also interested in working with “champions” to contribute to their work program: in particular, how to monitor progress of these voluntary initiatives by non-state actors and ways to enhance their effectiveness. Other such programs to mobilize and showcase voluntary business actions have existed for many years at national, regional and sectoral levels.

These voluntary platforms at national and international levels deliver effective results and showcase business and other stakeholder efforts. Yet while important, they cannot substitute for strong and growing national public policies to mobilize the efforts at the scale required for the Paris Agreement to succeed in transforming the economy in coming decades. To define and enact these policies and market measures, more effective and systematic interactions with business will be needed. Neither GAA nor NAZCA are currently constituted to serve as vehicles for business consultation on national implementation or how efforts contribute collectively to global progress.

Additional clarity on how those undertaking voluntary efforts can report on their progress, and how that supplements (or overlaps with) (I)NDCs, will be a key priority. Existing, well documented procedures that have been developed and used for many years to track business performance (such as sectoral guidelines, Global Reporting Initiative, Climate Disclosure Project, *etc.*)

will also contribute important information and evidence of business engagement.

BizMEF welcomes this encouragement and recognition of voluntary initiatives, pledges, and partnerships involving the business community and others. In our view, it is one more indication of the necessity to better engage business resources, expertise, and action across the *entire* work program of the UNFCCC, and is further evidence that an enhanced and recognized channel for business to the UNFCCC is timely and would add value at national and international levels.

Building on Existing Arrangements and Experience in the UNFCCC and Using Existing Business Networks: Business routinely interacts with national governments through well-established domestic processes in most nations. BizMEF members are active participants in these domestic processes. While national processes continue to be critically important, a broader, global business consultation can supply appropriate 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. For example, it is important to consult with business in the assessment of NDCs, at national and international level, individually and collectively.

Under the auspices of BizMEF, USCIB has developed a survey and report on national experiences with business engagement in preparation of (I)NDCs and lessons from those first experiences to inform the review and improvement of NDCs at national and international levels.

At the UNFCCC level, a business channel could be organized on the “BIAC-model”¹through:

- business-organized multi-sectoral national affiliate offices or contact points in every nation;
- participation from international sectoral business associations;
- self-organized and funded by the business community itself;
- national affiliates built on existing major multi-sectoral business or employers organizations, such as those that participate in BizMEF.

Like BIAC, a recognized business channel also could call on the expertise of international sectoral associations through expert affiliations. 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.

A Long Term Practical and Ongoing Communication with Mutual Benefits:

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 would 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, as well as the processes for transparency and the global stock-take.

Governance, expertise, and transparency are indispensable to a recognized consultative business channel. Business groups involved this channel should demonstrate that they:

- consult widely, including with small and medium enterprises and in developing countries and engage in two-way interactions to inform business of developments in UNFCCC, as well as to provide business perspectives and technical expertise to the UNFCCC;
- represent responsible business views to strengthen the UNFCCC's structure and action; and
- have expertise and mandate to inform the development and implementation of policy through the UNFCCC.

¹ BIAC was established at OECD in 1961.

Similar Recognized Arrangements for Other Stakeholders:

BizMEF recognizes that other constituencies also wish to participate more effectively with the UNFCCC and COP-21 could help to advance such enhanced engagement for all stakeholders. Each group has its own strengths, experience, and capacity to contribute. Consequently, BizMEF recommends creation of an overall umbrella framework for recognized engagement with non-state actors, each with a channel designed as appropriate for their capabilities. For our part, we believe that the business and industry

community has distinct valuable experience and capabilities to share, and the Paris Agreement's success depends on tapping those resources.

Leadership by CEOs is a critical indicator of commitment and priority for the companies concerned, and should be seen as one part of the diverse and practical ways in which the business community can work constructively with and inform the UNFCCC. In addition, there needs to be a more representative and practical consultative arrangements with business that address significant ongoing technical and policy issues.

- Business Council of Canada
- BusinessEurope
- BusinessNZ
- Confederation of British Industry
- Confindustria
- Dansk Industri
- Federation of German Industries – BDI
- Iniciativa para el Desarrollo Ambiental y Sustentable — IDEAS (Mexico)
- Institute for 21st Century Energy - U.S. Chamber of Commerce
- Keidanren
- Lewiatan
- National Confederation of Industry Brazil (CNI)
- Mouvement des Entreprises de France (MEDEF)
- Swiss Federation of Small & Medium Enterprises
- TÜSİAD—Turkish Industry and Business Association
- U.S. Council for International Business
- World Coal Association
- World Steel Association

ABOUT BizMEF

The Major Economies Business Forum on Energy Security and Climate Change (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, Mexico, Morocco, New Zealand, South Africa, South Korea, Turkey, the United Kingdom, and the United States, as well as five international sectoral associations. 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.