



**BUSINESS ENGAGEMENT IN DOMESTIC & INTERNATIONAL
IMPLEMENTATION OF THE PARIS AGREEMENT:
A REPORT FOR THE 22ND CONFERENCE OF PARTIES (COP22)**

By Norine Kennedy, USCIB



Outline

- ▶ Provisos
- ▶ Report
- ▶ Relevance to UNFCCC and COP22
- ▶ Looking ahead

Provisos

- ▶ **What is Engagement?** Engagement includes voluntary actions - but it is broader and also comprises policy dialogue, informing agendas and reviews of progress, sharing technical expertise and involvement in public-private partnerships
- ▶ **Not a Performance Review of INDCs:** No intention to grade or critique INDCs or the means followed to develop them. This is a "first time" exercise for many: the intention was to identify learnings and experiences
- ▶ **Business is special/different from other stakeholders:** We are not "various actors." The special expectations arising from the Paris Agreement of business in terms of implementation and resource mobilization, and the expertise and reach of the private sector warrant a distinct consideration and set of arrangements

USCIB - BizMEF Paper

- ▶ How engagement with business community can strengthen development and understanding of (I)NDCs at national level; and,
- ▶ Explores possibilities to mainstream engagement of all non-state stakeholders in the international review of (I)NDCs individually and collectively.



Framing Questions:

- Recognizing individual circumstances of national settings, what are **good practices** to include business input to strengthen INDCs; what are opportunities to share these experiences with governments and business communities?
- How can consultation with business be designed to contribute to trust-building and credibility through **transparency** and continuity?
- Can the UNFCCC 5-year cycle provide opportunities to begin to build necessary **institutional architecture** to include and reflect business's role and expectations for Paris Agreement, and where can OECD's own experiences provide useful models for such substantive inter-actions?

Methodology

Follow up interviews held at meetings of the Subsidiary Bodies in Bonn, Germany (May 2016)



- ▶ Review INDCs for references to business consultation, search public statements
- ▶ Survey and interviews to address:
 - ▶ To what extent the business community was (or was not) consulted in the preparation of national or regional INDCs;
 - ▶ What that consultation process consisted of; and,
 - ▶ Opportunities for future engagement of business to enhance ambition and strengthen implementation of the (I)NDC
- ▶ Present over a dozen examples of domestic and regional experiences

Workshop: Business Engagement in INDCs and the Paris Agreement

September 12, 2016 in Paris

Held on the margins of the OECD Climate Change Experts Group in Paris

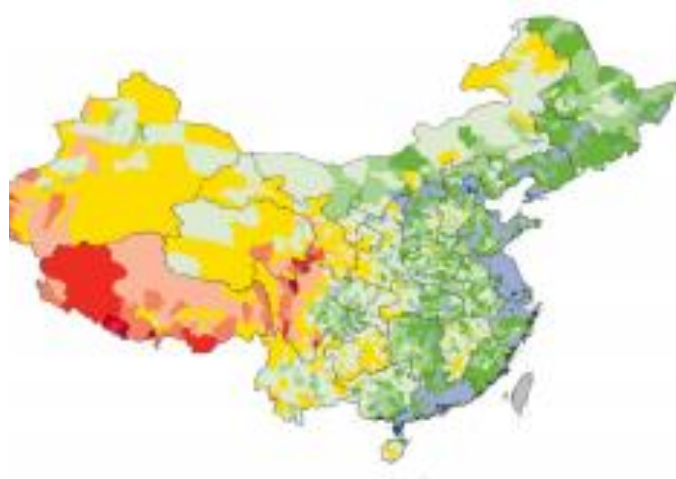
- ▶ Government and business representatives regarded consultation to develop INDCs as important and constructive, even where the process encountered challenging politics.
- ▶ There is no one-size fits all approach to such consultation, and the examples presented reflect different structures of business groups at the national level, different governance and consultation practices and other national circumstances. This indicates that the design of business consultation can and should be adjusted to suit both government and private sector structures in any given countries. Key components for success and continuous improvement include inclusiveness, transparency, adequate notice, for comment and continuity of dialogue.
- ▶ Capacity building and improvement of some INDCs can be advanced through stronger business-public sector dialogue, and new opportunities and gaps can be identified.
- ▶ As part of the review and renewal process, business involvement can identify the most cost effective options for climate policy which would assist governments and society to tackle climate challenges faster and cheaper
- ▶ More in-depth and long-term cooperation between governments and business is essential to build the best models to most effectively tackle major climate change challenges.
- ▶ In light of the continuous cycle of review and improvement set out in the Paris Agreement, a standing and ongoing interaction structure is best suited to assure credible, timely, consistent information and responsible and representative views from business

Business in Domestic INDC Process: Engagement Benefits



Continuity:

Recurring, regular planned engagement with private sector may help promote continuity through both planned and abrupt government turnovers



Sub-national efforts: INDCs cover national pledges. They may not account for sub-national and regional efforts undertaken within countries, by states, cities, and other entities.



Transparency: Consultation with business at national level can help increase transparency and predictability around climate measures and implementation.



Data and Analysis: Business, academia and other stakeholders have an impressive record and great experience bringing technical and analytical skills to bear to generate useful information and insightful critiques of official and other reports.

Opportunities for Engagement at the National Level

Box 2: INDC Cycle with Business Engagement

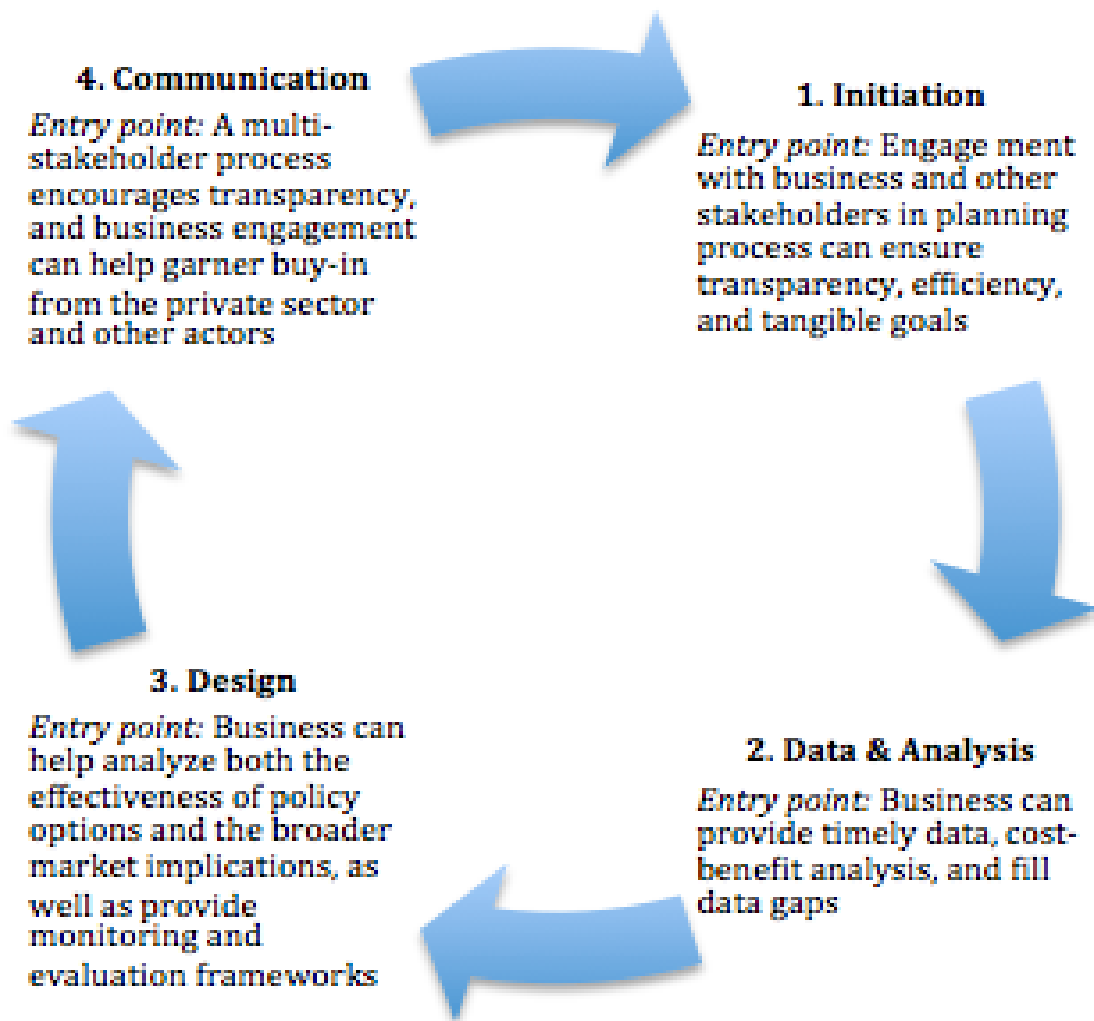


Image from World Resources Institute/UNDP Report, “Designing and Preparing Intended Nationally Determined Contributions (INDCs)” May 2015

Business as Observer & Partner in Multilateral Institutions: Sustainable Development

- ▶ Business and business NGOs are a recognized *major group* (Agenda21)
 - ▶ (one of several: trade unions, local authorities, youth, women, &c...)
- ▶ Business participates as a recognized observer in multilateral forums:



Food and Agriculture
Organization of the
United Nations



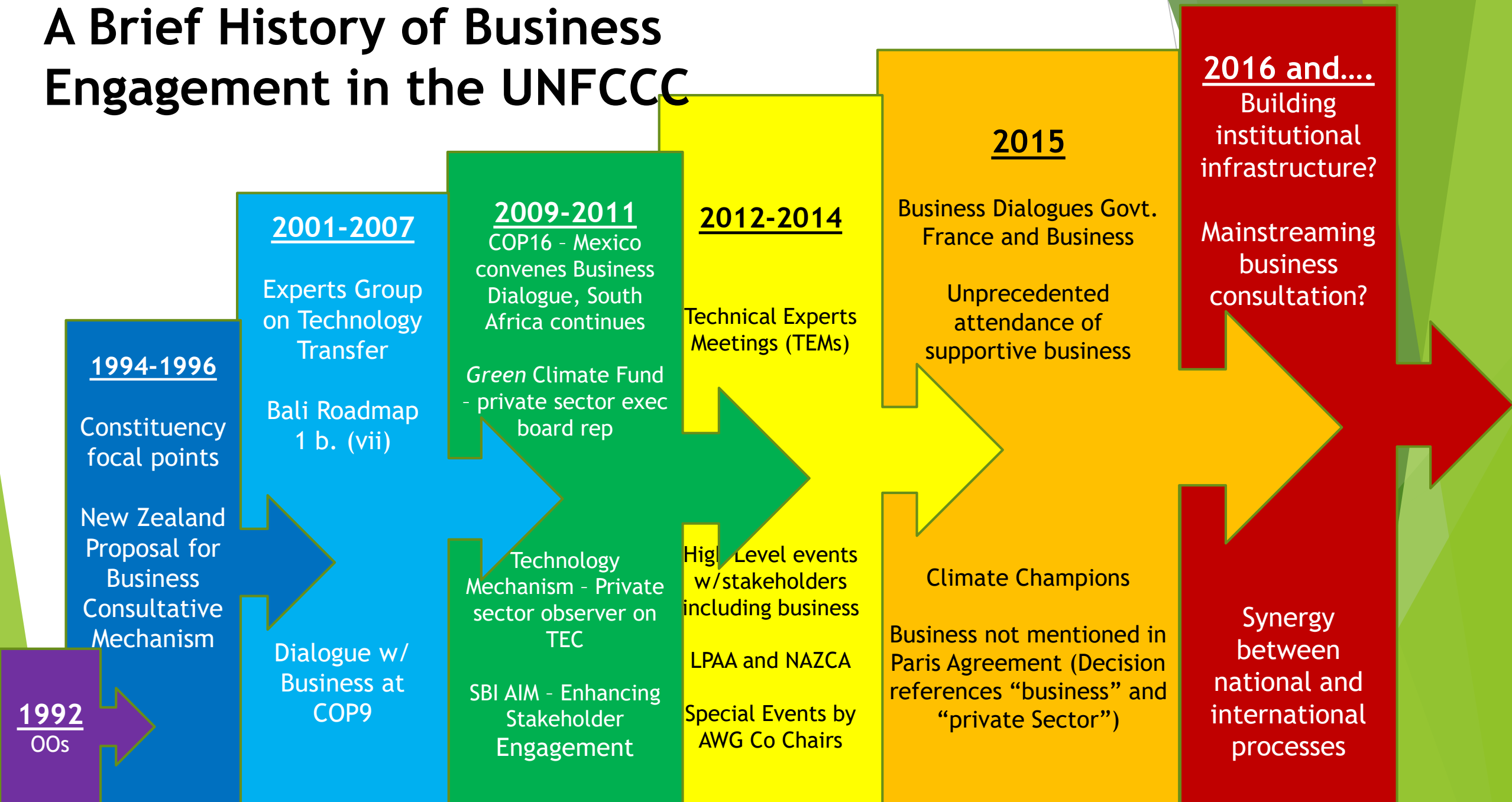
**Asia-Pacific
Economic Cooperation**

Recognized business consultative bodies:



International Organisation of Employers
Organisation Internationale des Employeurs
Organización Internacional de Empleadores
The Global Voice of Business

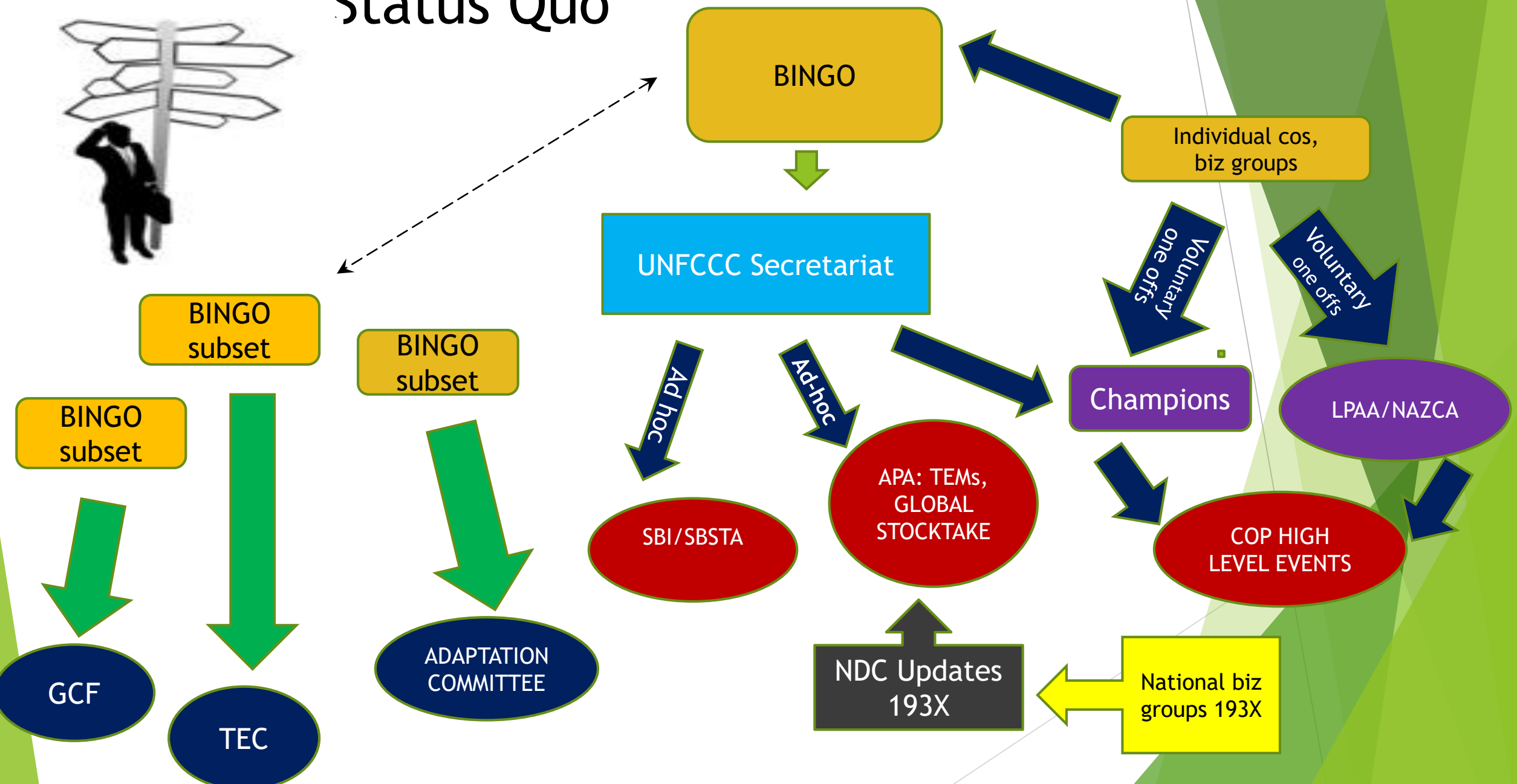
A Brief History of Business Engagement in the UNFCCC



At COP22 - New Realities

- ▶ Entry into force means additional urgency to complete outstanding business of Paris Agreement - this includes institutional infrastructure
- ▶ Crystallizing transparency framework is a “rubiks cube” - Phases, timing, inputs and outputs, modalities are among the variables to be resolved
- ▶ Adaptation and resilience take on a new meaning in light of recent election outcomes and other political changes ahead
- ▶ We are still using pre-Paris structures to respond to post-Paris tasks and realities

Status Quo



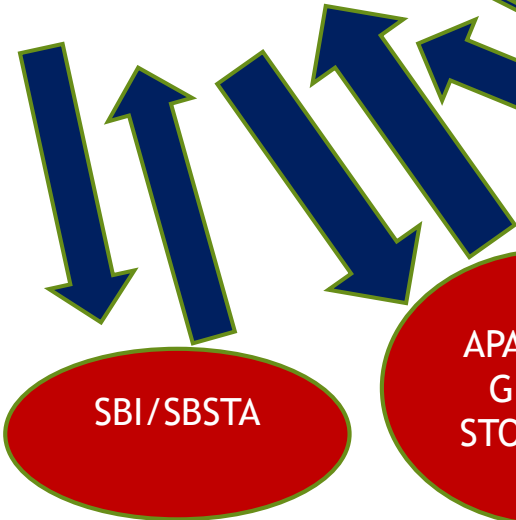
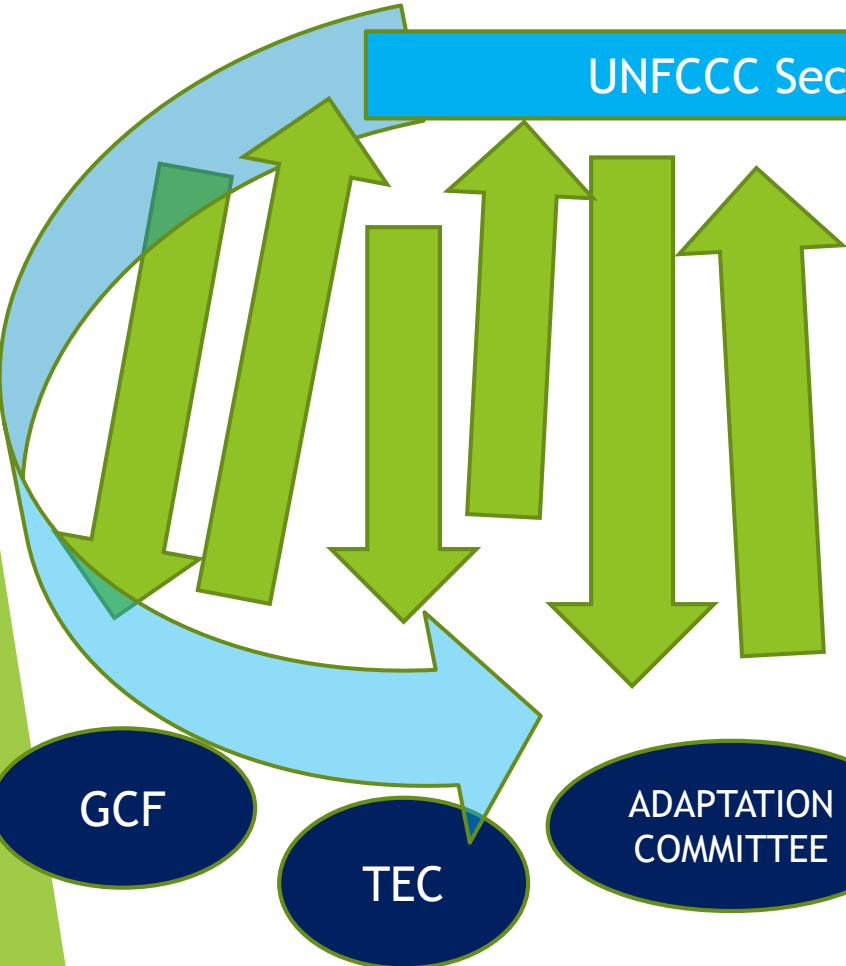


Business "Channel"

UNFCCC Secretariat

National biz groups 193X

Individual cos, biz groups



NDC Updates 193X

Champions

LPAA/NAZCA

COP HIGH LEVEL EVENTS

National biz groups 193X

Main Attributes: A Recognized Business Interface

- ▶ Inclusive, open, voluntary, self-managed and self-resourced - Representative business groups at national, regional, international and sectoral levels
- ▶ Recognized, mainstreamed and ongoing
- ▶ Transparent, with 2 way flow of communication and information
- ▶ Not aiming for a “single consensus” - would convey multiple views and ideas
- ▶ Synergistic with Action Agenda and other existing structures in UNFCCC
- ▶ Include business communities in developing countries; provide capacity building and information

Business and the Paris Agreement

Benefits of Engagement

- **Economic and Market Implications of (I)NDCs:** In today's globalized world, the policies of one economy can have strong impacts on others throughout the world.
- **Economic Efficiency:** A preliminary analysis of the INDCs described above reveals that, in general, countries could do more to engage business and other stakeholders to reach peak economic efficiency. This will help in raising ambition and achieving balance
- **Capacity-building:** Many developing nations, especially the least developed, require financial aid and other support; support for public-private partnerships and other cooperative efforts with business in developing nations and capacity building could assist in the design and implementation of national actions.

Opportunities for Engagement At Each Stage of the Process

- Input to formulation of agendas
- Organization and participation in meetings
- Input to content and opportunity to review and comment on draft background papers
- Submission of ideas and information for consideration
- Review of implementation - improving and strengthening
- Voluntary partnerships and actions
- Reporting and disclosure
- Institutionalize business consultation and input in international review cycle
- Increase structural support for stakeholder engagement
- Incorporate existing private sector MRV frameworks into international monitoring and review

General Observations

- ▶ Recognizing individual circumstances of national settings, there are **good practices** for business input to strengthen INDCs, should pursue opportunities to share these experiences w/governments and business communities
 - ▶ Utilize existing procedures for stakeholder consultation regarding domestic legislation and regulatory initiatives
 - ▶ Strive for a mix of sectoral and multi-sectoral business consultation
 - ▶ Consult business separate from other stakeholders for most substantive and candid discussions
 - ▶ An inter-agency domestic process (including foreign, environmental, energy and economic ministries) is critical
- ▶ **Design consultation with business to contribute to trust-building and credibility through transparency and continuity?**
 - ▶ A combination of established public meetings with recognized representatives of business and other constituencies combined with established opportunities to comment in writing seems warranted in light of the scope and inclusiveness of national climate policy
- ▶ **The UNFCCC five-year cycle will be at the heart of PA institutional architecture :Engineering in a business role at national and international levels**
 - ▶ Build in business and other stakeholder input to the design and conduct of facilitative dialogues
 - ▶ Increased structural support at the international level for stakeholder engagement
 - ▶ Take advantage of lessons learned from existing processes for business consultation in international institutions

NDCs can have other utilities for individual companies and groups of businesses

Looking Ahead

- ▶ Entry into force speeds up the clock at national and international levels
- ▶ BizMEF side event on Friday November 18 - Further example of business consultation in NDCs
- ▶ Institutional infrastructure needed - but as an interim step, BizMEF will develop process to inform facilitative dialogues looking ahead to Global Stocktake



MARRAKECH
COP22|2016|CMP12
UN CLIMATE CHANGE CONFERENCE



Thank You

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the frame, creating a modern, layered effect against the white background.