

Options for institutional engagement of the private sector in the UNFCCC

Preliminary findings

María Mendiluce



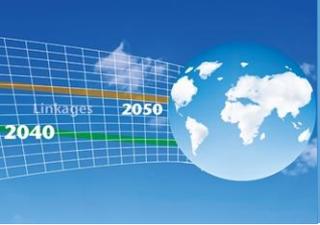
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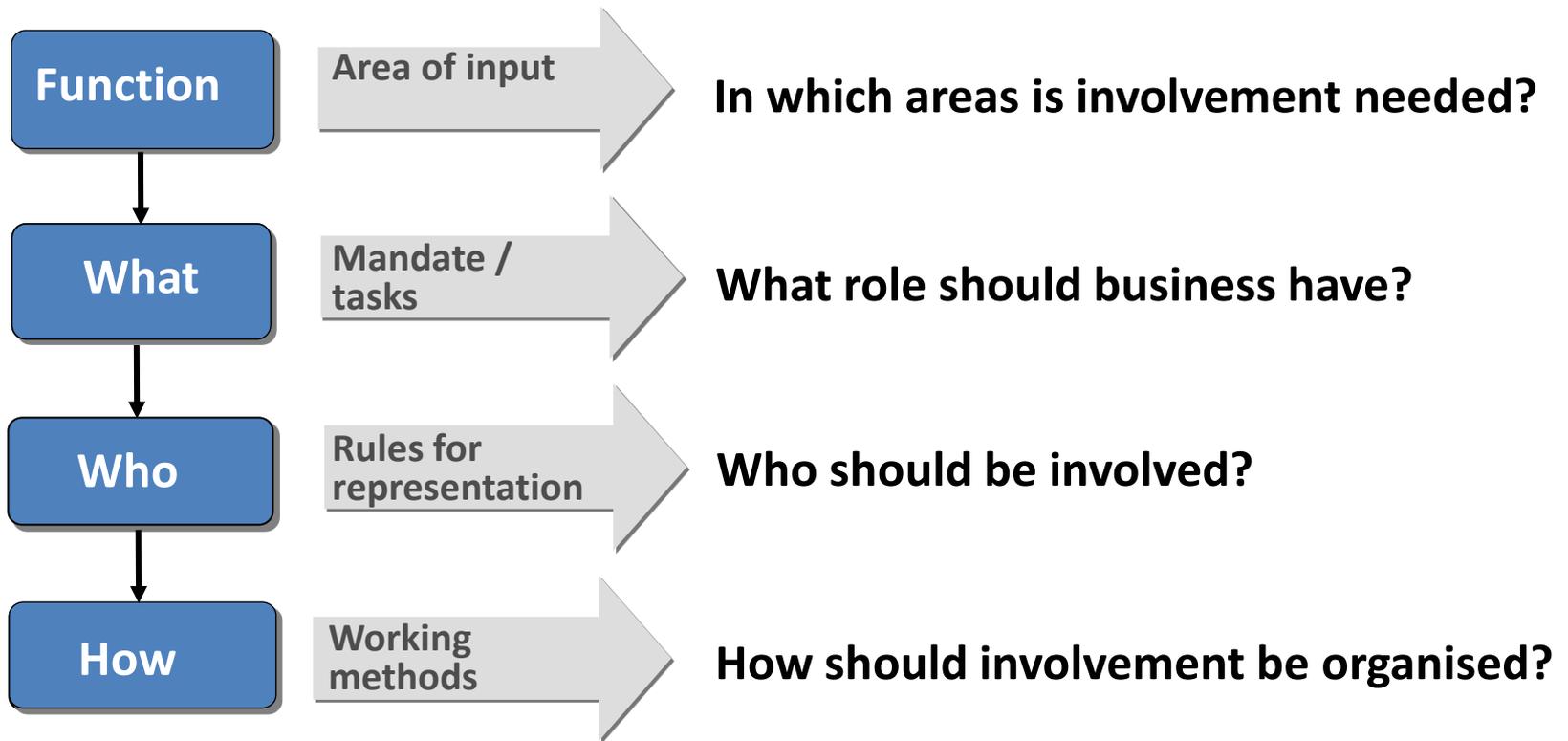


June 2010



Key questions of the project

Is business involvement needed? If so, why?



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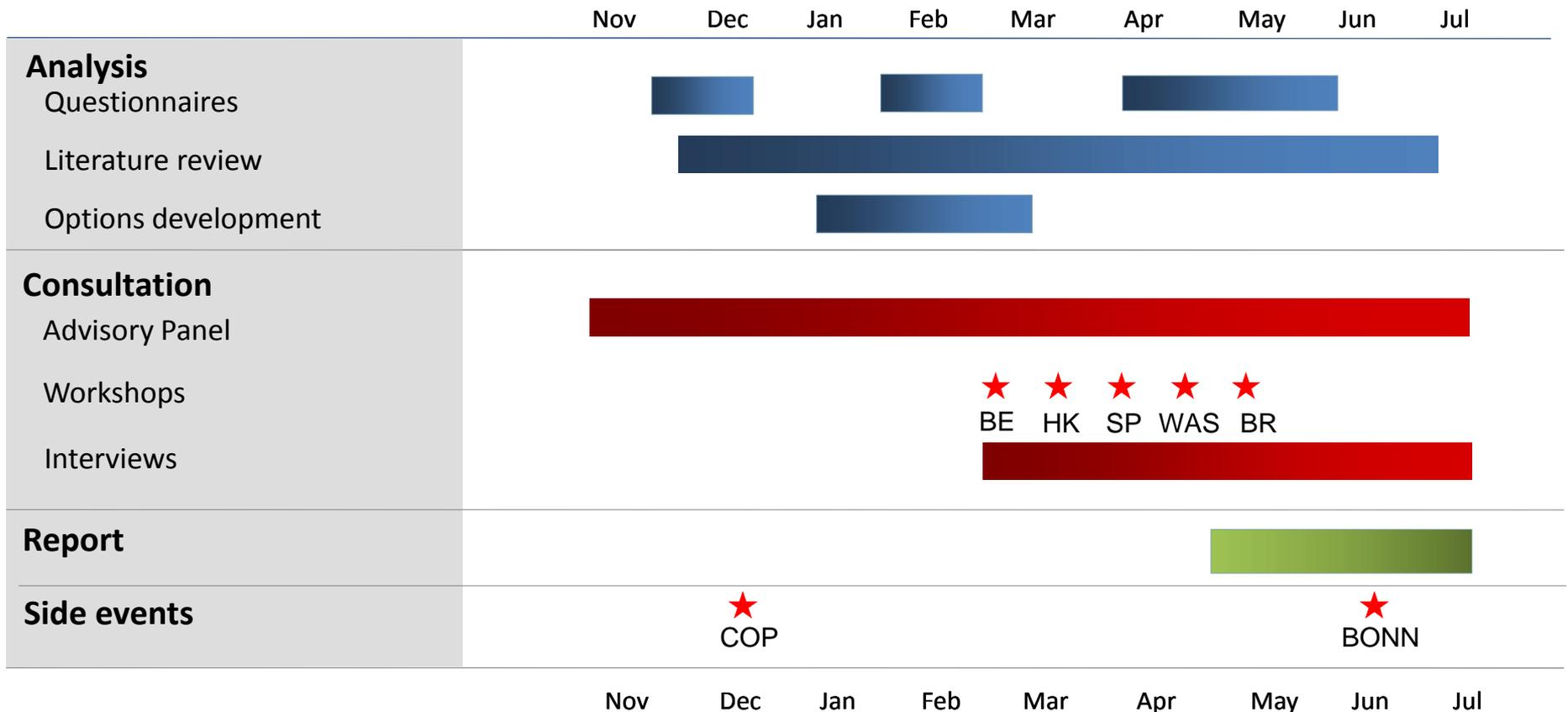
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The project approach

Broad stakeholder consultation



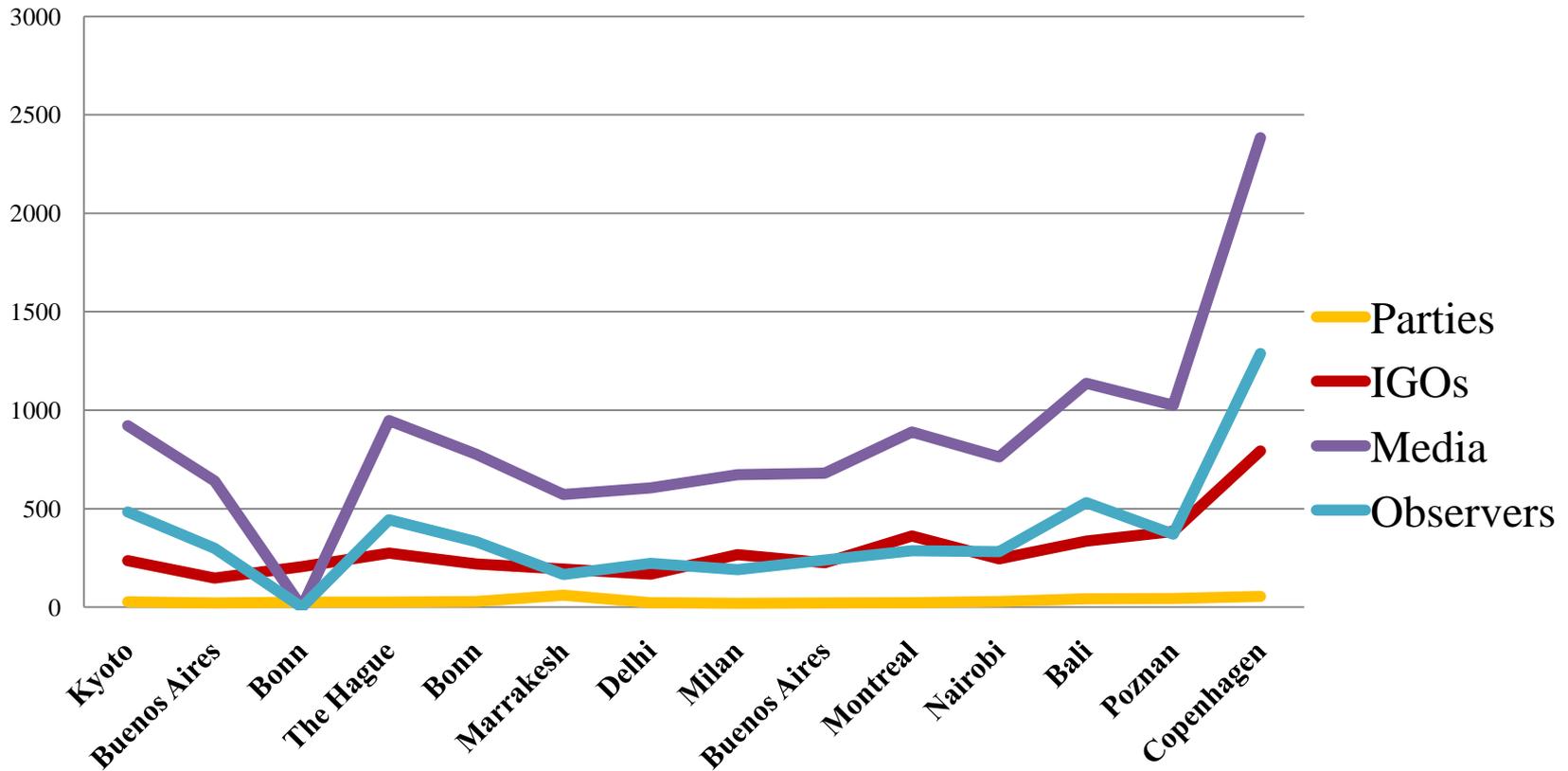
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Past engagement – facts and figures

Country / Organizations in COP meetings



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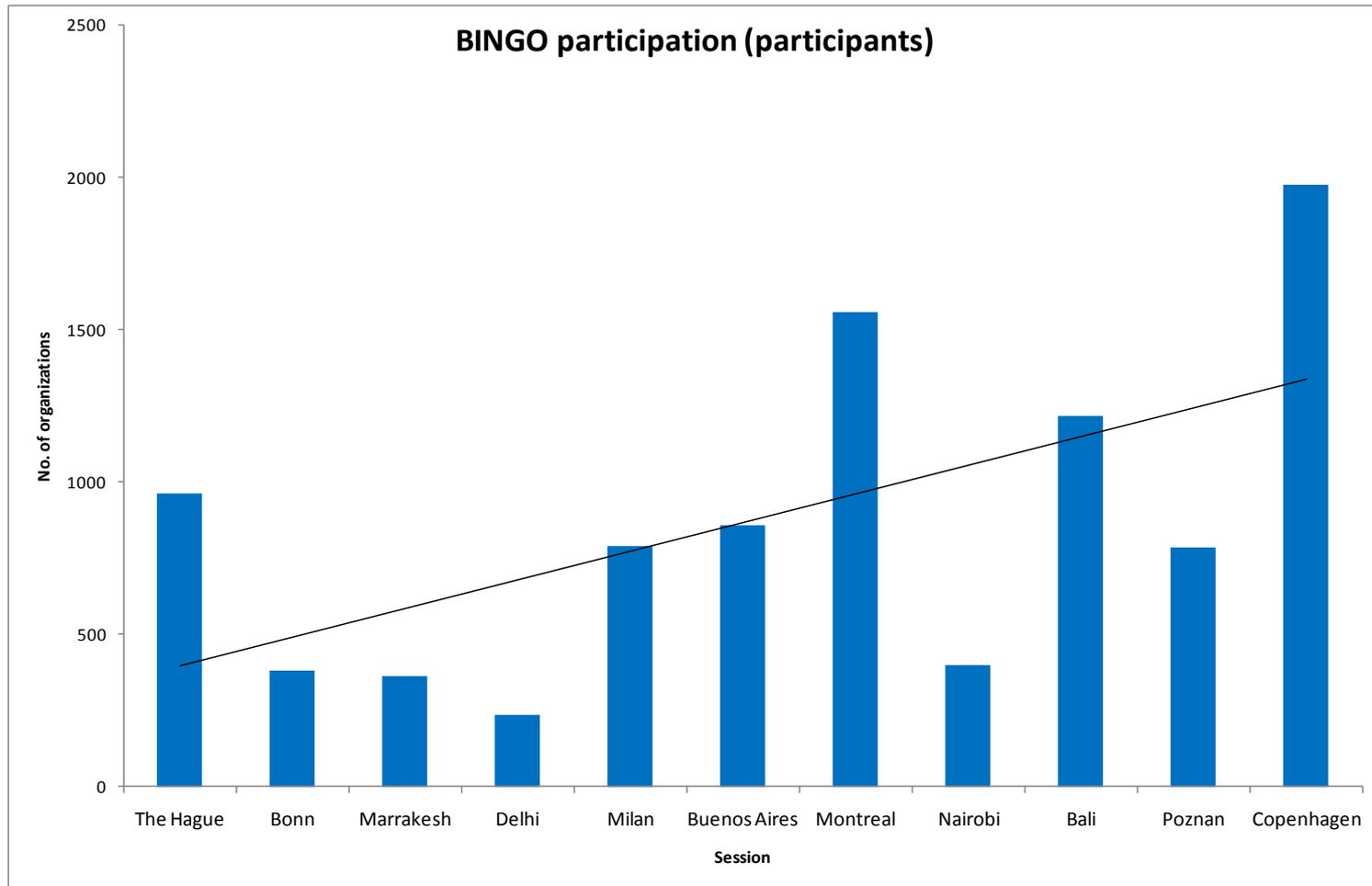


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How many people from the PS have attended the UNFCCC process?



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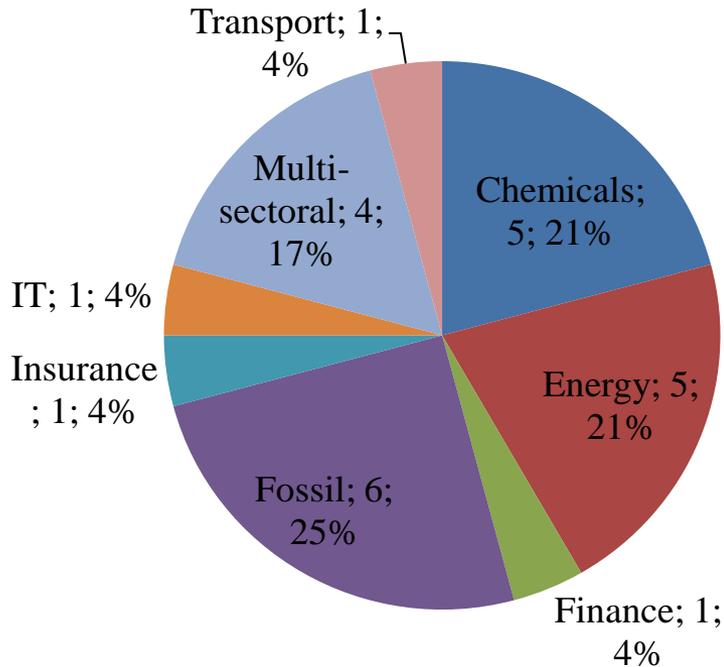
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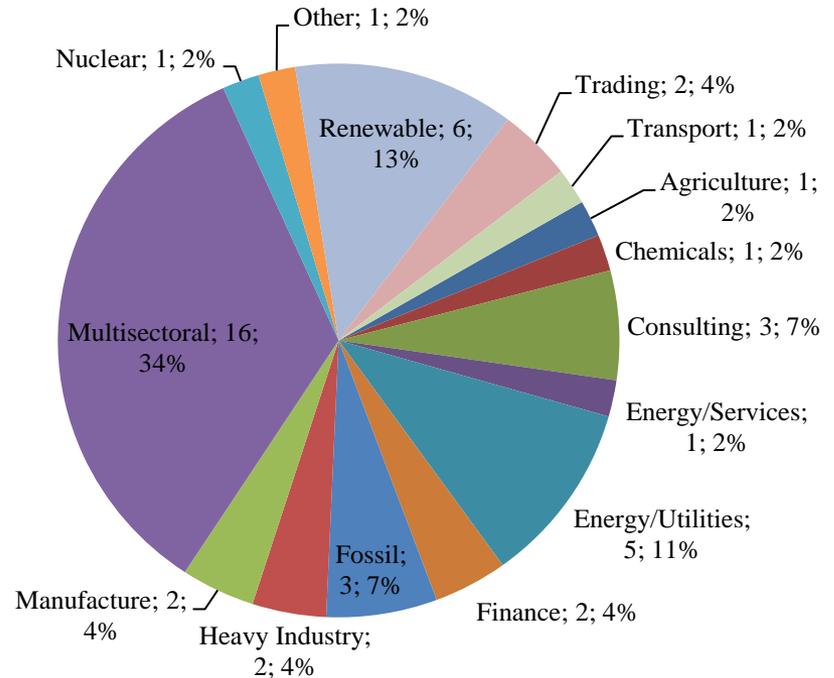
How has the PS characterization evolved?

Interim Negotiating Committee Feb 1995



Defensive

COP 13 - Bali



Opportunity



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Why the private sector wants to engage with Governments?

- ✓ To **understand** the challenges
- ✓ Access decision making processes to:
 - ✓ To advise on intergovernmental decisions on **implementation** to make them viable, correct market failures and accelerate action
 - ✓ To encourage **stable, predictable and transparent policy frameworks** to develop their business activities and investments
 - ✓ To ensure evidence based policy making that is **technically viable** and **financially feasible**
- ✓ Potentially to gain access to **new markets** (in conjunction with national processes)



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Why Governments want to engage with business?

- ✓ Know if at a **macro level** their decision-making is feasible and will result in a **reduction of GHG emissions**
- ✓ **Understand the business decision making process** and what policies and measures can drive those to low carbon solutions
- ✓ Seek advice at **micro level** in specific technical areas (e.g. carbon markets, REDD, technology mechanism, financial arrangements, etc)
- ✓ Trigger **business activity** in “developing countries”



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Challenges

Private Sector

- Many voices
- Geographic differences
- Sectoral perspectives
- Competition
- New opportunities
- Lack of empowerment

Government

- Differing perspectives
- Geographic/regional perspectives
- National interests
- Need actions
- Need for fulfillment of commitments

Investment , diffusion and innovation



Emission reductions, development, survival



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What has changed?

Private sector

Governments

PAST

- ✓ Not able to communicate the benefits of engagement
- ✓ Speaking from different perspective than Gov.
- ✓ Not aware of the process and its implications

- ✓ Little understanding of the value of engagement
- ✓ Little appetite to engage with PS
- ✓ Business seen as a “problem”

NOW

- ✓ Provides a positive message of technological expertise and financial capabilities
- ✓ Better understanding of the implications of the process
- ✓ Seeks sustained engagement

- ✓ Better understanding of the role of business
- ✓ Recognize business as part of the solution
- ✓ Transition to a bottom – up action that require multiple solutions



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The role of observers in the UNFCCC process

Formal

- ✓ Attend plenary sessions
 - ✓ Access to all the documents.
 - ✓ May be invited to intervene ad hoc
- ≠ No interventions
≠ No opportunity to take the floor

Informal

- ✓ Side events
- ✓ Exhibits

Hybrid

- ✓ Secretariat coordinates meetings between observers & Executive Secretary and officials



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Key choices

Role

- Observer or advisory?
- Active or passive?

Selection process

- Government or PS institution?
- Geographical or sectoral?

Coordination body

- UNFCCC unit?
- National level?
- PS institution?

Other

- Term?
- Conflict of interest?
- Mode of operation?



**TAILORED
ENGAGEMENT**





Options of engagement

Active

Passive

**OBSERVER
ROLE**

**ADVISORY
ROLE**



Climate Investment Funds (CIF)
Trust Fund Committees
Worldwide Self Selection

Asia Pacific Partnership (APP)
Task Forces
Governments

OECD BIACC**
Advise OECD Committees
National Business Associations

Montreal Protocol TEAP*
Advise MOP
Governments

**Institution
Function
Selection process**

* Technical & economic assessment panel ** Business & Industry Advisory Committee

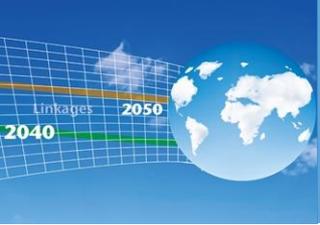


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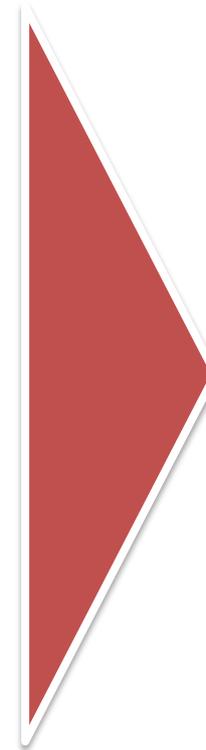
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Key areas that need to be addressed

- How to ensure participation (SME, developing countries, etc.)
- How to coordinate information and ensure transparency
- How to incentivise engagement
- How to attract experts
- How to move from process to implementation



**Build trust
between
private
sector, civil
society &
government**



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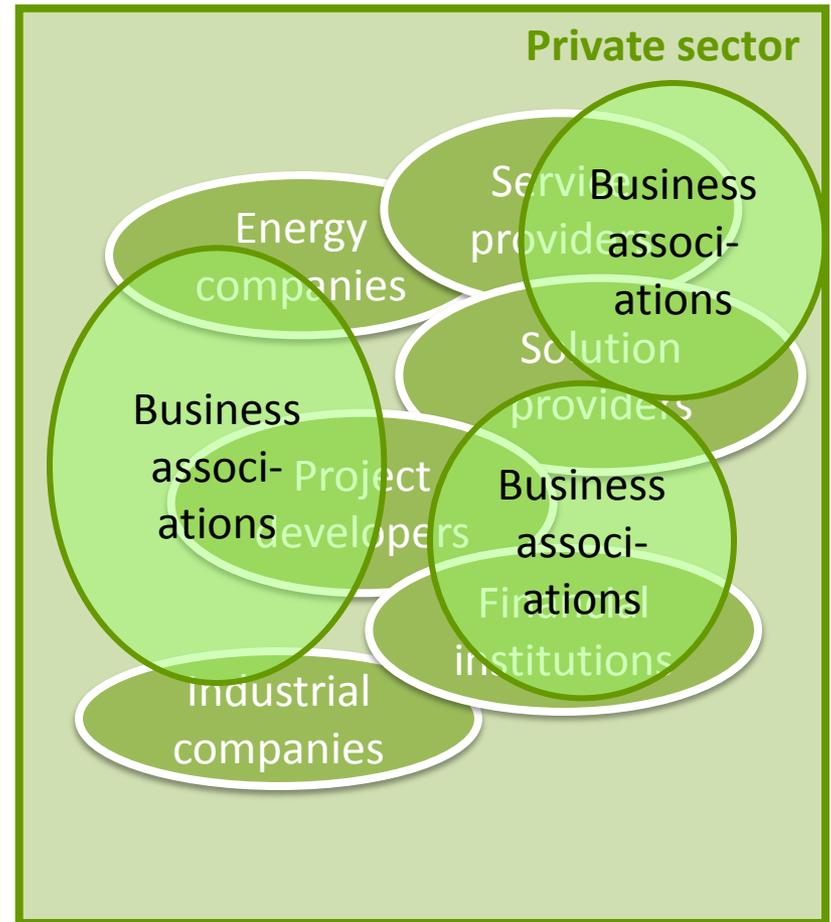
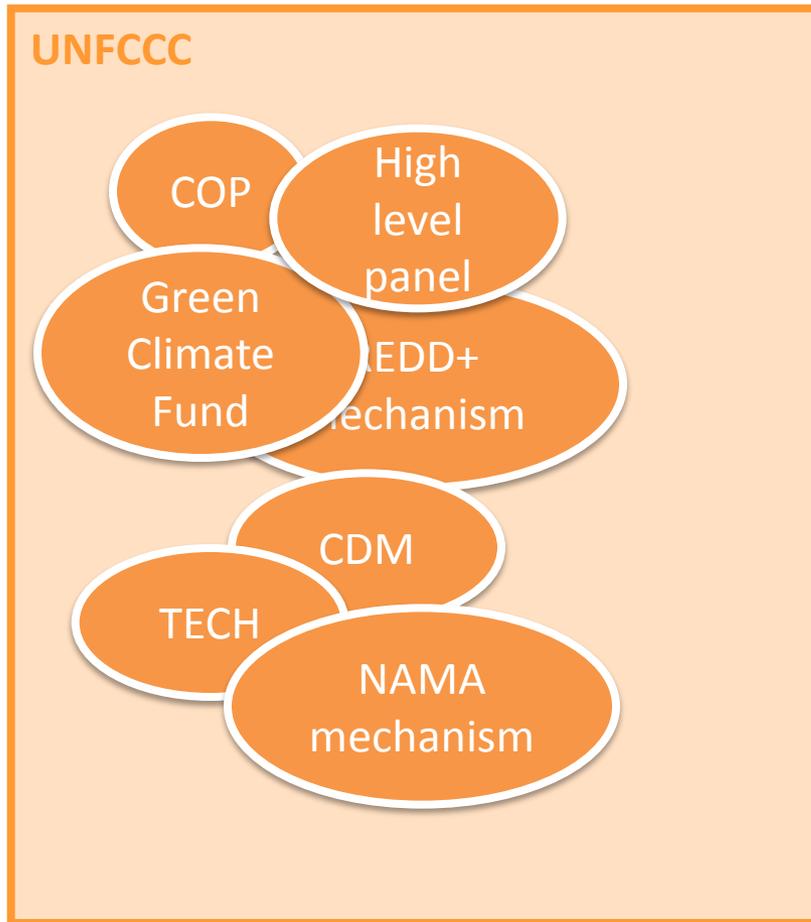


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Coordination options: BAU



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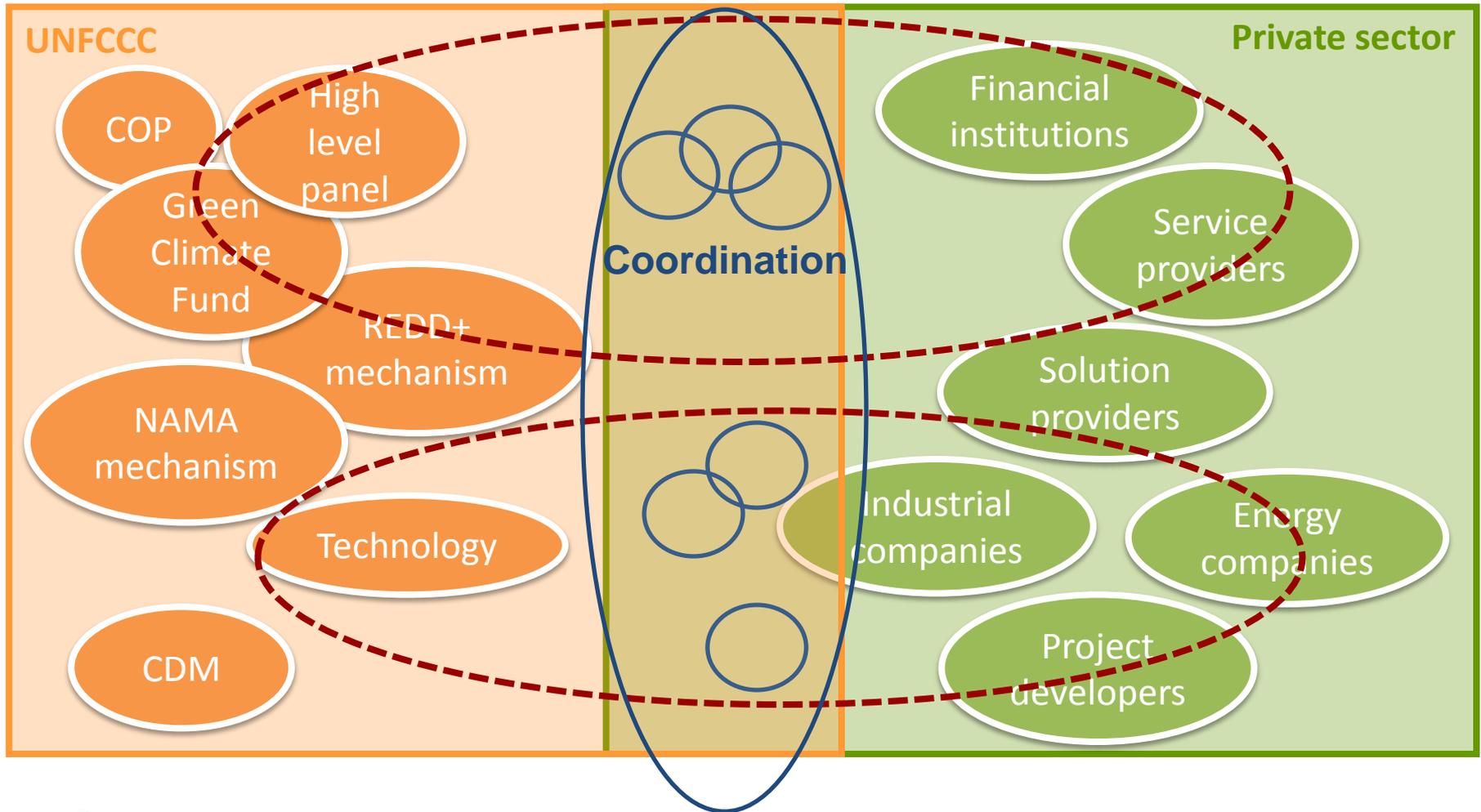


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Creating effective coordination

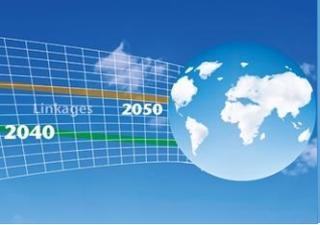


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Considerations for the design of an engagement model with business

- **Recognition by the parties**
- **A single channel** for each topic to avoid discursive tactics
- **Allowing multiple business inputs.** Provide clear criteria for selection of business representatives, taking into account sectors and geographic spread.
- **Transparency.** An innovative platform for information sharing is needed to ensure openness, flexibility and inclusivity of the engagement model.



INCLUDE DEVELOPING COUNTRIES BUSINESS AND SMEs

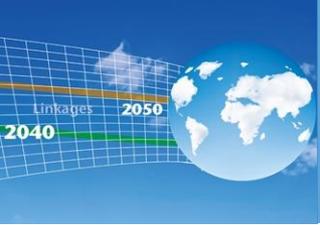


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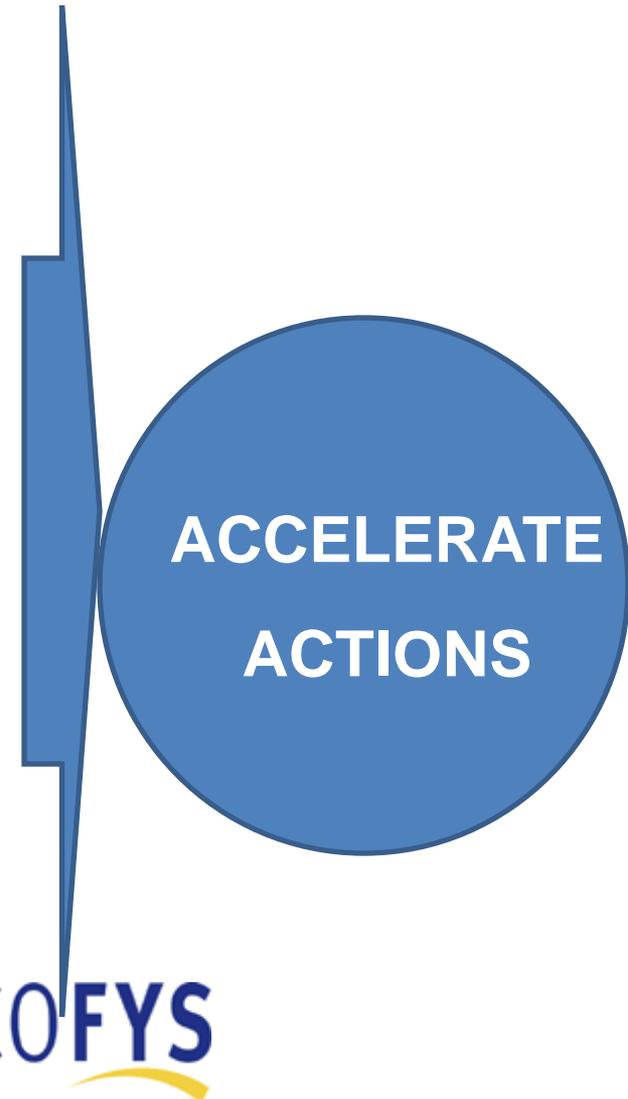
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How could improved coordination contribute?

- **Translate**
 - Channel relevant business input to UNFCCC
 - Translate outcomes from UNFCCC to business language
- **Advice**
 - Provide experts/observers
 - Coordinate input per request
 - Make ad hoc consultations
 - Test new ideas
- **Support implementation**
 - Support capacity building
 - Information exchange (e.g. best practices)
 - Facilitate partnerships



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Where could the PS engage?

Finance

Carbon markets

REDD

Technology

NAMAS



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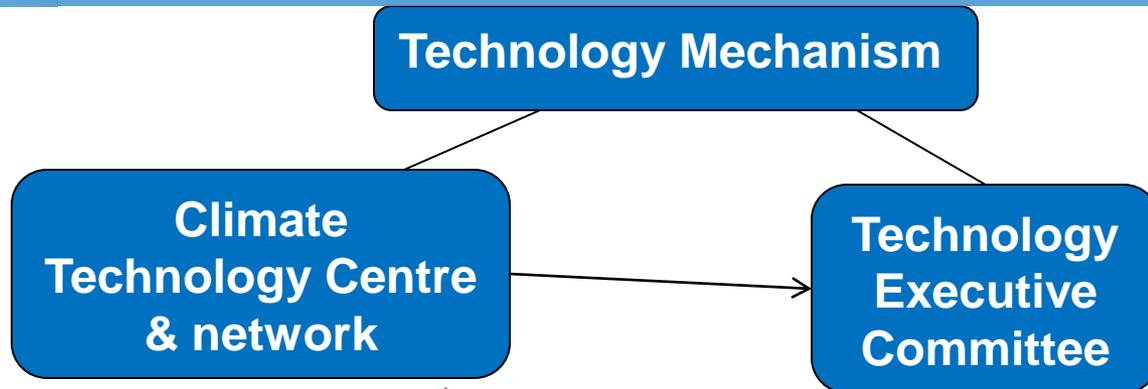


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A new technology mechanism



Business engagement

- Open call or roster of experts / geographic vs. sectoral
- Consulted on request / mandatory

Expert role

- Very active and ad hoc workshops
- Physical presence / web presence

Selection process

- Transparency
- Flexibility
- Independence

Business Engagement

- Active/ Passive Observer/ Experts
- Consulted on request / mandatory
- One or several observers

Observer role

- From active to passive

Selection process

- Legitimacy
- Representativity
- Transparency
- Flexibility



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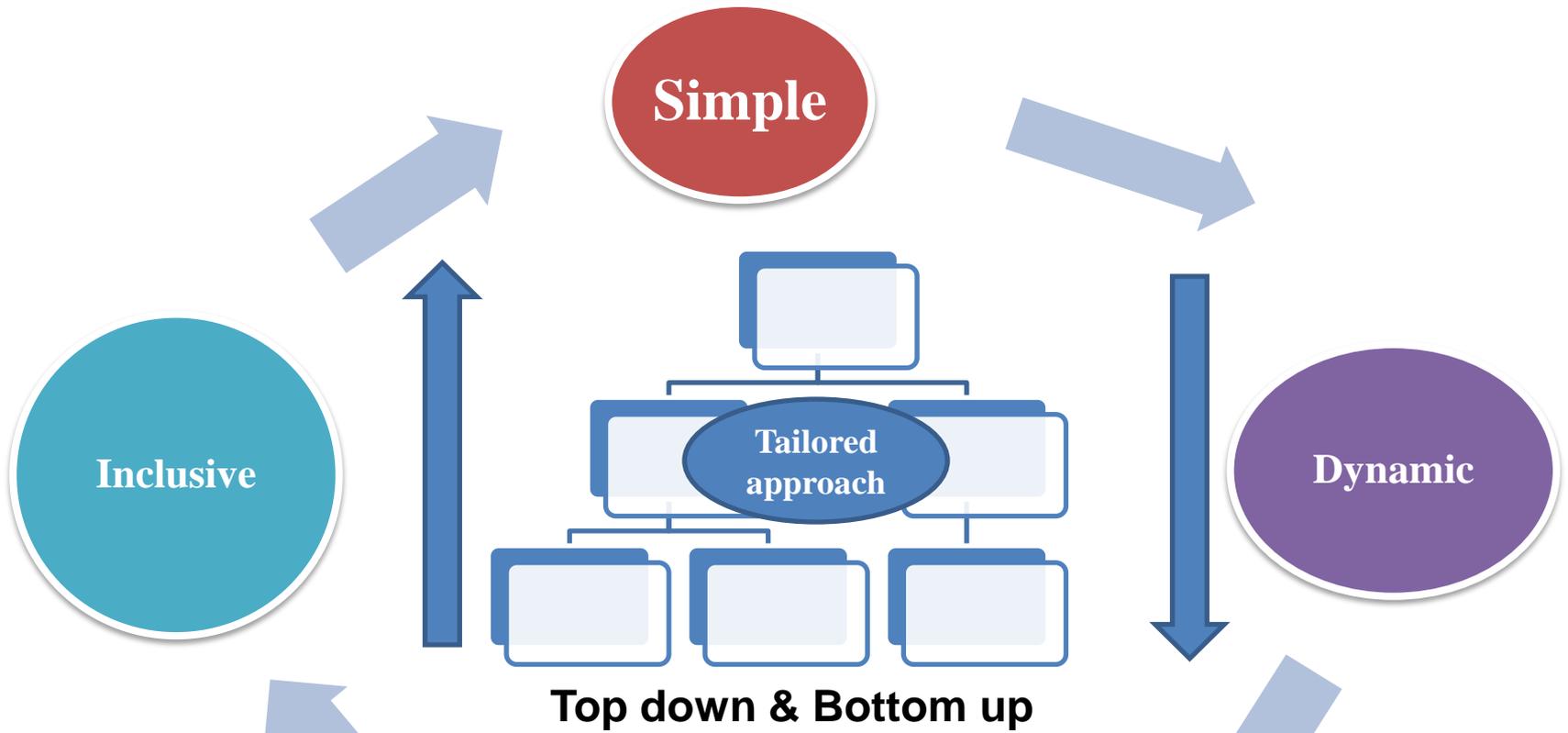


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Conclusions

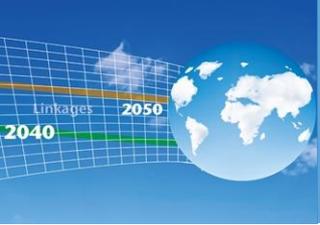


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Panelists

- Where could engagement with the private sector add value to the UNFCCC process?
- Why is now a good moment to strengthen private sector engagement?



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More information

- EC Study website:
www.businessandUNFCCC.org
- Marion Vieweg: M.Vieweg@ecofys.com
- Thiago Chagas: T.Chagas@climatefocus.com
- María Mendiluce: mendiluce@wbcsd.org



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Appendix

- Illustrative cases



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Business Engagement in the CDM

Options for further and formal engagement:

- Creating a direct communication channel between Project Participants and the CDM EB (e.g. direct hearings and interactive forums);
- Creating a system of review of decisions / appeal procedures judicial;



EB to improve communications channels with project participants and stakeholders

EB to establish an appeals procedure to protect the rights of stakeholders directly involved



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Climate finance

Commitment to mobilize USD 30 billion 2010 to 2012 and USD 100 Billion a year by 2020

High Level Panel

Objectives

Study contribution of potential financing sources

Role for business:

- Having a seat
- Formal consultation with financial experts

Green Climate Fund

Objectives

Supports projects / policies in developing countries related to mitigation including REDD-plus, adaptation, capacity-building, technology development and TT.

Role for business:

- Input as observer
- Having a formal role in executive board



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A new NAMA mechanism

Develop guidelines for actions

- Scope
 - Single project
 - Government policy programme
 - Sector strategy / sector crediting baseline / sectoral emission target
 - National emission (intensity) target
- Measurement, reporting, verification

Role for business:

- Assist in establishing guidelines

Countries make action proposals

Role for business:

- Provide data

Assess action proposals

Role for business:

- Assist in reviewing proposals

Implement actions



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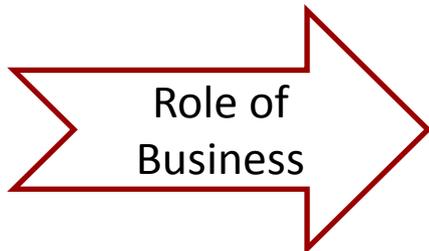
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REDD+

Phases



- Training and consultancy;
- Verification/certification of pilot projects;
- Technology research and development

- Investing in sustainable forest projects;
- Providing services;
- If allowed, trading REDD credits.



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