



World Business Council for
Sustainable Development

**World Business Council for Sustainable Development:
Enhancing the Engagement of Observer Organizations in the UNFCCC process
Submission**

Summary

This World Business Council for Sustainable Development¹ (WBCSD) submission advocates the necessity for a specific role for the private sector in the UNFCCC process. Business enables the investments that allow countries to deliver on their emissions reduction commitments and will support delivery of adaptation solutions. Parties should therefore recognize the vital role of business and seek to maximize its energy and innovation.

This submission addresses three important aspects of observer participation:

- A) Enhanced engagement of the private sector¹ – recommendations outline the options for private sector engagement in specific issue areas, focused on preparing for further implementation and the launch of a new international framework.
- B) Organizational matters – suggestions are made to improve the functional elements of enabling observer participation and the fulfillment of observer roles. These include admission, nomination and access, and opportunities for providing input, both formally and informally.
- C) Constituency roles and integrated recommendations – once the roles of constituencies have been adequately clarified, there are specific ways in which the private sector involvement could be made more effective within the existing processes while improved options are developed for the longer-term.

Introduction

The WBCSD welcomes the conclusions of the Subsidiary Body on Implementation (SBI) at its 32nd session in June 2010, which affirmed the value of the engagement of observer organizations and acknowledged the important role of civil society representation in the intergovernmental process.² The SBI invited Parties and observer organizations to submit their views on this for inclusion in a synthesis report.

The participation of non-governmental organizations (NGOs) is fundamental to the intergovernmental process. They bring transparency and legitimacy to complex discussions and provide substantive inputs from geographically diverse sources. They also provide a wide spectrum of technical expertise to the negotiating parties. They help improve popular understanding of the issues and promote accountability to the societies served. The participation of NGOs in the process should be flexible and active, supporting the global trend towards more informed, participatory and responsible societies.

¹ For the purpose of this submission the private sector includes all businesses whether publicly, privately or state owned. It also includes not-for-profit organizations that represent the voice of business.

² FCCC/SBI/2010/L.21.



Observer organizations have multiplied fivefold since 1995, gained credence and proven their willingness to play a more substantial role. The particular value of the private sector has been noted, with the Subsidiary Body on Scientific and Technological Advice (SBSTA) and the SBI stating that consideration should be given to establishing an effective means of engaging the private sector more fully in the process.³

The role of the private sector

The private sector has a critical role in enabling the implementation and delivery of the vast majority of emission reduction solutions. It is the source of technology, innovation and much of the finance channels necessary to enable a transition to a low-carbon future and to reducing global emissions.

If governments are to achieve their goal of global climate cooperation and lower emissions the private sector must be an inherent part of the discussions. Negotiations need to be fully informed about how market forces can be harnessed within sectoral and/or broader economy-wide emission reductions. The **timely** involvement of the private sector will be an important factor in bringing about successful implementation of an international agreement. A structured and effective form of participation is needed for the private sector to ensure that its expertise and high potential can be translated into tangible results.

The private sector will be needed to:

- *Mobilize resources.* Business is crucial in establishing the appropriate investment structures to direct investments in mitigation and adaptation in all countries.
- *Strengthen the carbon market and make flexible mechanisms work.* Business has over ten years experience in innovative carbon markets and flexible mechanisms including Kyoto Protocol mechanisms.
- *Enable technology provision.* Business develops and deploys low-carbon technologies into markets. In that process and technology is transferred and operational know-how is built up.
- *Account for GHG reductions.* Business will be instrumental in providing the means to gather, collect, and process information and accurate data, and to verify measures and actions.

Enhancing private sector participation in the UNFCCC process will increase the likelihood of **the development and implementation of sustainable policies** to address climate change.

A well-designed private sector engagement process could draw on expertise at various stages and areas in the work of the UNFCCC process.

³ FCCC/SBSTA/2010/L.3. and FCCC/SBI/2010/L.3.



A) Enhanced engagement of the private Sector

The WBCSD invites the secretariat to reflect on the potential for enhanced private sector input on specific issues in its synthesis document, with a view to the SBI recognizing the role the private sector will play in any future climate change regime and opening the door to enable this to happen effectively.

A number of recommendations are proposed:

1. An enhanced role for the private sector in the UNFCCC process should **complement the existing observer role** of accredited stakeholders and would be focused on areas where the private sector could provide unique added-value.
2. An enhanced role for the private sector in the UNFCCC process could take many forms. The role would allow the private sector to support governments in several areas including by providing:
 - **Advice** on the institutional architecture to stimulate investment in low-carbon technologies;
 - **Technical support** on rule-making and standard-setting;
 - **Sectoral expertise** on mitigation and adaptation actions; and
 - **Information and data** on available technologies.
3. An enhanced role for the private sector in the UNFCCC process will require **effective coordination** by the private sector. Information needs to be channeled from the private sector to the UNFCCC, while allowing for the expression of diverse views from the multi-faceted business community, and vice-versa. This requires coordination, communication and a platform for information exchange, which is transparent and trusted by both the private sector and governments.
4. An enhanced role for the private sector in the UNFCCC process will require **clear rules of engagement**. The private sector needs to know what it is expected to do in order to respond effectively. Targeted expertise will be required – ranging from process discussions to technical workshops. Participants must be credible and accountable to the private sector and recognized by Parties.
5. An enhanced role for the private sector in the UNFCCC process must include the participation of **the private sector from all categories of countries**. In particular further private sector representatives from the emerging economies and less developed countries need to be integrated in the process. This will require organization, funding and capacity building and can be best achieved through public-private partnerships.
6. An enhanced role for the private sector in the UNFCCC process will **require specific attributes** depending on the nature of the role. At a policy advisory level there would be a need for policy experts, while the more technical and time-consuming the work, such as regional or national implementation support, the greater the need for technical experts.
7. An enhanced role for the private sector in the UNFCCC process will require a **change** in the way the UNFCCC engages with the private sector and a **change** in the way the private sector interfaces with the process. The Convention process will need to provide



the opportunities and the private sector will need to respond effectively. These are necessary challenges to address the common global challenge of climate change.

8. An enhanced role for the private sector in the UNFCCC process would be **focused** on areas where the private sector provides unique value as it relates to implementing the Parties' decisions.
9. There are also roles that are not appropriate for all the observer organizations. For example, they should not focus on goals that are the decisions of sovereign countries.

Enhanced private sector engagement could take an informal or formal approach:

An **informal dialogue** process would provide flexibility and vitality and be suited to brainstorming and information sharing. Such a process could indirectly influence and inform the formal process through individual participants or be reported directly into the formal process, provided that Parties had requested such input.

A **formal process** would require a specific mandate to draw upon the private sector for a specific purpose agreed by Parties. The private sector could provide expert advice through an advisory group to standing bodies of the Convention, such as a Technology Executive Committee or a Finance Board, to support the viability of decisions relating to private sector actions. As there is a closer focus on regional and national activities and actions, the expertise of the private sector will have a clear role to support governments in attracting the necessary investments. This could be achieved through expert task forces. Any formal advisory role will also need clear rules and responsibilities for exchanging information and addressing conflicts of interest.

A **combination of these informal and formal processes** of engagement between governments and the private sector would provide an optimal transitional approach for enhancing the role for the private sector in the UNFCCC process. A combined informal and formal role for the private sector would build on the momentum gained at an informal level through the **EGTT-business dialogues** led by WBCSD with the International Chamber of Commerce and a new initiative launched by the Government of Mexico and business, for a focused series of **Mexican Dialogues** on carbon markets and new mechanisms, technology and finance. Other areas for enhanced engagement include REDD+ and MRV.

Recent Government-Business Dialogues

Since 2009, the business-initiated engagement with the EGTT has proven successful and a dialogue with business is now included as a regular EGTT agenda item. One output is a meaningful exchange of views, but business is ready to be more engaged in the work of the EGTT.

The Mexican Dialogues, initiated in July 2010, are an important first step to involve business in providing structured input into the formal process. Both models have provided practical experience, as well as built trust and understanding between business and governments.

They could provide the basis for developing more constructive approaches for enhanced engagement of business in the process.

The dialogues have a number of important features:

- These dialogues are between governments and business and feed into the formal



process **indirectly**. They allow flexibility by providing a de-politicized forum for frank, open discussion and a useable and shareable output.

- The dialogues are between **business and government experts**, sponsored by a limited number of governments, in close collaboration with global, multi-sectoral business organizations, and on specific topics of mutual import.
- Business organizations are responsible for allowing an **inclusive selection of business**, an institutional platform, a transparent information exchange and stimulating broad involvement.
- Government support is required to provide **joint ownership** of the output, to ensure and improve developing country input and to “connect” to the process.
- The current dialogues are **coordinated** on the business side by global business through the WBCSD and the International Chamber of Commerce, and on the government side by the EGTT and the Government of Mexico respectively.

Parties could request input from the private sector on specific topics, which could be reported back. This would allow *formal recognition* of the products of the *informal process* and allow specific consideration in the decision-making process. This approach would increase the overall benefit and make the private sector more responsive to the needs of the process.

This combined informal/formal process has the advantage of speed, minimal cost, flexibility, accessibility to a range of expertise and development of broad ownership. It will require a greater coordination amongst business organizations and a greater level of transparency and inclusiveness. There are challenges, not least in the choice of participants, who need to be expert, neutral and respected. The focus should be on quality not quantity. It requires support, acknowledgement by governments, links to the formal process, acceptance by the private sector and low levels of funding.

While this combined informal/formal approach can provide many immediate benefits, it should only be viewed as a transition to a longer term solution. As the climate process matures and the international climate architecture is being put into action, the informal/formal process is likely to be insufficient. Any new formal bodies on finance and technology agreed under a new international framework would benefit from a **formal advisory structure** including the private sector, which could support viable decision-making regarding and ensure readiness for implementation. As work progresses on carbon market and new mechanisms, REDD + and MRV, the private sector would provide technical input through workshops, dialogues, submissions and through expert panels.

In view of the scale and urgency and the embryonic stage of the negotiations on a future, delivery-oriented institutional architecture, the private sector needs to get engaged now to support effective decision-making. Thus, in the near-term, a combined informal/formal approach could help actively engage the private sector and draw on its expertise during this critical formative period of the negotiations. In the longer-term, a more formal advisory structure for providing inputs will be needed to ensure effective implementation. There are many options for structuring business participation (For more information, see *Private Sector and the UNFCCC Options for Institutional Engagement*, a forthcoming study by Climate Focus, Ecofys and WBCSD).

The WBCSD is willing to play a part in these processes, in working with global business to provide a platform and an institutional structure to support these processes.



B) Organizational matters

Prior to COP 15/CMP 5, observer access and participation at the COP, CMP and subsidiary body meetings worked well. The WBCSD cautions against over-reaction based on experiences at COP 15/CMP 5. However, recognizing an underlying trend of increased observer participation and the need to review and improve elements of access and participation, a number of specific proposals are detailed below.

Access is the most critical organizational matter and the key to effective participation by observer organizations. Without appropriate access, observer organizations will no longer attend the sessions, thereby diminishing the transparency and legitimacy of the negotiations and hindering the process of implementation. Proposals to prevent access for NGOs to conference facilities are not supported, and proposals calling for separate NGO locations far removed from the main conference site should be approached sensitively, so as not to destroy the constructive vitality inherent in civil society participation.

SBI 32 encouraged hosts of future sessions of the COP and CMP to consider the size of the venue and the need to facilitate the participation of all Parties and admitted observer organizations in their planning and organization. WBCSD strongly supports this statement and urges the Government of Mexico and future hosts of the COP and CMP to ensure adequate access to the conference facilities for all observer organizations.

The Parties and secretariat should find a pragmatic balance between managing the increased number of participants and providing an environment that allows effective negotiations. Any improvements to the overall management of access will need to be fair and transparent and should involve the constituencies in their considerations.

WBCSD would like to provide the following specific views:

1. There should be a review of the **admission practices** to ensure observer organizations are qualified in matters covered by the Convention, and can contribute to the sessions. Climate change is a mainstream issue, but not all organizations that include climate change in their mandate are competent at an intergovernmental level.
2. An efficient, clear, client-friendly **nomination and registration system**—one which allows for flexibility—will be a very helpful step forward. Observers need the surety of knowledge that their nomination will allow them access, and they need to know in advance if access might be restricted so they can make informed decisions on attendance. A new system should help and encourage observer organizations to better manage their individual nominations by prioritizing their nominees, improving their accuracy of participation while providing flexibility.
3. The **prototype on-line registration** being developed by the secretariat is a step in the right direction. WBCSD is happy to be part of the trial to test the system. This could lay the groundwork for a smarter system that could provide different levels of access, depending on the needs of the process.
4. Observer organizations must have sufficient **advance warning on venues and access**. This allows them to alert their members and set up internal systems to manage the situation. Clear information in advance about deadlines and number restrictions are important and require effective communication channels.



5. **Side events and exhibits** are an important and valuable feature of the intergovernmental climate change process. They legitimize attendance for many observers and house a unique bank of climate change information. Nonetheless, the vast quantity of side events could be the biggest threat to their quality and utility, and ultimately their overall impact on the negotiating process. Side events could be better utilized by:
 - a. Using **advancements in digital technologies and media**, to hold more virtual events, and utilize social media for issue-discussions
 - b. Having **improved pre-information** on events
 - c. Developing more robust **selection criteria**
 - d. Creating a **rating system** to help raise the quality
 - e. Developing the side event location, within the conference site to maximize **their utility and accessibility**, while supporting the needs of the negotiation process
 - f. Promoting **alternative platforms** – in particular, specific in-session workshops that include stakeholders.
6. Side events and exhibits will have **depreciated value and appeal** if they are dislocated, i.e. beyond **easy** access from the conference facilities. Government delegates are a key target audience for many events and extreme dislocation would reduce the likelihood of their attendance. Connectivity between any separate locations should be functional, seamless yet controllable.
7. **Side event theming – with** session-specific themes or topics on individual days would provide a focus for clustered, pan-constituency discussions, better attendance planning, and could also help spread numbers over a series of days.
8. Encouraging the host country to organize a commercial **Technology Fair**, in conjunction with the COP and CMP, could provide information, new technologies, and commercial contacts. It could also provide alternative activities at a different time which could help remove pressure from the actual COP when it occurs. Approaches to hold Technology Fairs parallel to COP sessions have not been successful as commercial fairs.



C. Constituency Roles and Integrated recommendations

Constituencies play a critical role in facilitating the participation of their members in the Convention process. Practices should be established to help them perform this important task, while being mindful of their individual characteristics and limitations.

Constituencies have established a functional and evolving working relationship with the secretariat, through focal points. Beyond their traditional role of providing logistical support and coordination to their members during sessions, constituencies also facilitate representation at workshops, provide consolidated input and maintain contact with the secretariat between sessions.

The BINGO constituency is the oldest and largest grouping of organizations, along with the ENGOs. Functions of the BINGO facilitator solely focus on logistics, coordination and communication within the constituency.

As governments consider ways to enhance the role of constituencies in the process, the WBCSD would like to highlight the following key points:

1. **Recent steps taken by the secretariat to enhance communication with the constituencies should be continued and used as a tool to include observers in process discussions:** WBCSD encourages the secretariat to continue the useful dialogue process that it initiated with the constituency focal points earlier this year. The meetings between the secretariat and the constituency focal points have been extremely useful.
2. **Recent studies undertaken by the secretariat should be continued and act as a focus to improve effective participation of observers:** WBCSD welcomes the studies by the secretariat on ways to enhance the participation of observers and to draw on best practices from the UN family. The abovementioned dialogue process could serve as a forum to share the outputs on these studies and gain inputs and feedback from the constituencies.
3. **Changes to the role of the constituencies should be made only after vigorous consultations with the groups.** The constituency system is a vital tool for participation. Indiscriminate changes, such as through channeling and consolidation, could risk dampening the vigor and innovation the groups bring to the table. Therefore, consultations with the groups would be needed beforehand, and could ensure that any changes to the system are mindful of the different characteristics of each group.



Summary

WBCSD believes that climate change solutions will be achieved more effectively, sustainably and speedily with business supporting intergovernmental decision-making in specific areas. Parties could consider the most appropriate route to open the door to an engagement process. This could be developed over time in response to the needs of the process.

Efforts to move more forcefully towards implementation will require a more formalized way of engaging the business sector. Today's participation lacks coordination, direction and output. It also lacks clear entry points into the negotiations. The key question is, "does engagement achieve the goal of informing the decision-making process to provide a workable institutional framework, armed with clear, viable, effective and efficient rules".

WBCSD believes it does not—but it should.

WBCSD suggests the following:

1. The secretariat's synthesis document should reflect:
 - The **rationale** for enhanced private sector involvement in the UNFCCC process.
 - The **possibility of a combined informal and formal process of engagement** between governments and the private sector as the optimal interim approach for immediately enhancing the role for the private sector in the UNFCCC process. This process should be undertaken with a view to establishing a more formal advisory structure, which would include the private sector, for specific issue areas as the current process matures.
2. The synthesis document should propose that the SBI **recognize the key role the private sector** must play in any future climate change regime. In addition to general recognition, more specific forms of recognition should be suggested:
 - Parties should seek to build on *Article 7.2.(l) of the Convention or Article 13.4.(i) of the Kyoto Protocol* respectively and agree to make use of the expertise and experience of observer organizations in specific areas. Parties should be encouraged to draw on the opportunities under Convention and Protocol to specifically include the private sector in their discussions through workshops, dialogues and requests for concrete inputs on specified issues.
 - Parties should take note of the strong support of business organizations expressed during the discussions on enhanced participation of observer organizations and note, in particular, their interest in providing advice on issues such as technology transfer.
 - Parties should also note that the private sector stressed the importance of creating proper incentives for involvement by representatives of the private sector from the emerging economies and less developed countries.



- Under the “Shared Vision” section of the negotiating text under the Ad hoc Working Group on Long-term Cooperative Action under the Convention, Parties should acknowledge the importance of the private sector as a tool for implementation, and encourage Parties to seek ways of engaging the private sector in a more focused manner in pursuit of achieving the objectives of the Convention.
3. WBCSD also requests Parties to consider improved practices for civil society participation for all observer organizations with regard to access, registration and other organizational matters to ensure that observers can play their roles effectively.

ⁱ **About the WBCSD**

The World Business Council for Sustainable Development (WBCSD) is a unique, CEO-led, global association of some 200 companies dealing exclusively with business and sustainable development. The Council provides a platform for companies to explore sustainable development, share knowledge, experiences and best practices, and to advocate business positions on these issues in a variety of forums, working with governments and non-governmental and intergovernmental organizations.

Disclaimer

This submission is released in the name of the WBCSD. Like other WBCSD publications, it is the result of a collaborative effort by members of the secretariat and executives from several member companies. A wide range of members reviewed drafts, thereby ensuring that the submission broadly represents the majority view of the WBCSD membership. It does not mean, however, that every member company agrees with every word.