

Advancing Private Sector Action and the broader Action Agenda: A Framework and Roadmap to 2020

Context

Recognising that the Paris Agreement represents the start and not the end of the climate action agenda, the leading business organisations as well as city/state/region collaborative initiatives have continued to work together since the summit, to develop and plan ideas with the potential to establish a common framework delivering the ambitious initiatives launched in the run up to the Paris Climate Conference.

Maintaining the groundswell of climate action from all sectors remains a critical strategic objective as we seek to: maintain and increase momentum; de-risk the politics of taking climate action at the national level; and enabling the delivery of countries own NDCs, especially in the run up to the 2018 and 2020 deadlines contained within the Paris Agreement. Ensuring that private sector action, and the Action Agenda more broadly, continues to help drive forward the UNFCCC process as a whole is crucial, especially around the facilitative dialogue in 2018 and the next round of NDCs in 2020.

While mechanisms like LPAA played a catalytic role at COP21, helping to secure the overall political outcome, the business action and public-private collaboration platform is necessarily expanding in line with the scale of the challenge and becoming a much wider effort than UN processes alone. Within this ecosystem, the Action Agenda can play an important role as a catalytic link between the UNFCCC process and the wider realm of non-state action.

This paper describes this emerging landscape and how it might support the acceleration and delivery of non-state climate action. It refers both to business specific actions and to more general arrangements for the Action Agenda as a whole, although it is offered from the particular perspective of business organisations. This paper represents the collective thoughts of the We Mean Business coalition (BSR, B Team, CDP, Ceres, The Climate Group, The Prince of Wales Corporate Leaders' Group, WBCSD) as prepared by the coalition secretariat in consultation with the coalition partners and other major business groups.

Our Overarching Goals

Catalyse businesses to take bold climate action – and leverage this leadership to ratchet government policies so as to place the world on a 'below 2C' trajectory by 2020. Drive towards 2018 as a key milestone and the next big political rallying point. This will act as a spur for growth, triggering new innovation, investment, business models and partnerships across the public and private sectors.

Guiding principles and objectives

1. Urgently **deliver results** (Action focus) and **increase ambition** (Enrolment focus) from all actors before 2020 to meet the objectives of the Paris Agreement;
2. **Strengthen existing initiatives** with the greatest impact, and **fill gaps** with the greatest potential - either in terms of scalability or potential for innovation/transformation;

3. **Track implementation to demonstrate credibility** and promote best practices for robust initiatives to enhance delivery through transparent reporting and an annual report on progress; (see separate paper on tracking progress submitted by CDP)
4. **Ensure co-ownership of the Action Agenda** by initiatives and networks, successive champions and COP presidencies, and the UNFCCC Secretariat, with the support of the Executive Office of the UN Secretary-General, the UN Global Compact and the broader UN system; **promote effective leadership and continuity;**
5. **Use non-state actor leadership to positively influence national policy ambition** by
 - a. Demonstrating what is possible by setting ambitious targets and implementing against them
 - b. Providing evidence to policy makers that business expects and anticipates policy implementation in line with the Paris Agreement, specifically that businesses expect next generation INDCs to be on a 2050 pathway consistent with the Paris goals. (See additional paper from We Mean Business on policy expectations from the action agenda)
6. **Nurture non-bureaucratic, “light touch” institutional arrangements** that build on the existing ecosystem for climate action.

Clear Thematic Areas

Though reinvented many times, there are clear thematic areas for action which appear consistently. All existing and future initiatives can be grouped under the following themes (and this is the structure being used by all the WMB partners for example). We propose using the Energy, Urban, Land macro-systems familiar from the New Climate Economy report and include all themes used in the LPAA at COP21. There is no perfect way of mapping this landscape and many if not most initiatives will naturally ‘fit’ into more than one area. We therefore suggest allowing initiatives to list themselves and work under whichever theme or themes they see as most appropriate and effective. We propose fixing this landscape map from now until 2020 – consistency trumps tweaking!

Substantive areas	Cross Cutting Themes
Land use <ul style="list-style-type: none"> • Forests • Agriculture • Land restorations Energy and Industry <ul style="list-style-type: none"> • Renewables • Energy productivity • Energy access • Industrial processes Urban <ul style="list-style-type: none"> • Transport • Buildings 	Overarching ambition <ul style="list-style-type: none"> • Long-term targets consistent with science Resilience and adaptation Accelerators <ul style="list-style-type: none"> • Carbon pricing • Disclosure • Long-termism • Responsible policy engagement • Procurement • Fossil fuel subsidies Innovation

Finance <ul style="list-style-type: none"> • Asset allocation and management • Project and program financing • Insurance 	
---	--

A regular rhythm of events

Maintaining private sector momentum will require growing enrolment of CEOs. This can best be achieved through a maximum of 4 milestone multi-stakeholder events. In addition to the World Bank Spring Meetings and the Annual Meeting of the World Economic Forum in Davos, the legacy of COP21 is two major platforms for private sector action (sub-national and other actors also have events, which may also wish to find a regular rhythm). Governments, UN agencies, and other actors wishing to support private sector climate action are encouraged to work with and build on these events, complement them as needed and avoid fragmentation and duplication of efforts if possible.

- 1) **A Business Climate Summit** – organised on behalf of the major business organisations mid-way through the year to showcase business leadership and build business support for climate action. A collaborative process with all major business networks has already been established to ensure this continues:
 - a. BCS1 took place in Paris in May 2015 and was instrumental in building momentum to COP21
 - b. BCS2 will take place in London June 28-29 2016
 - c. BCS3 will take place in India in 2017
 - d. BCS4 will take place in California in 2018 as part of a bigger Non State Actor summit, and a key milestone on the journey to 2020.
 - e. Each summit is curated by a lead partner (e.g. The Climate Group in 2016) advised by a Steering Group of lead partners (e.g. WBCSD, WMB, ICC, WEF and others in 2016)
 - f. While business led they should retain a strong link to the UNFCCC COP process.
 - g. They should also maximise links to investor groups and initiatives– such as the Portfolio Decarbonisation Coalition.

- 2) **An Action Agenda Summit** - attached to the annual COP meeting itself, which provides the opportunity for high level dialogue between CEOs, other non-state actors and initiatives, and governments on the thematic areas in question within the formal negotiation space. The Paris decision text charges the Champions with holding an annual High Level Event at COP to provide this function, and it is crucial they do so in partnership with non-state actors. (For example, COP22 already includes plans for a summit co-led by the Government of Morocco, WBCSD, ICLEI, and SDSN). The Summit builds on existing efforts by the private sector and the UN, in particular the UN Global Compact, UNEP and UNFCCC to bring together the UN

Secretary-General, leading companies and governments to take stock of progress and inspire action at annual COP meetings.

Both of these are supported by regular public-private coordination between all non-state actor bodies and with key governments and international organisations. Moving forward, this should build on the success of the informal Friends of Climate Action platform. Further consideration will be required regarding how FoCA may need to expand its composition and functionality to play this role. Planned developments include a Friends of Climate Action digital platform to support stakeholders across the various thematic areas.

In addition, the action agenda should also collaborate with some key high-level, but *non*-climate summits in the global calendar in order to engage new stakeholders from business, finance, government and civil society into the climate action agenda and its thematic tracks. The World Bank spring and autumn meetings and the World Economic Forum Annual Meeting at Davos (and its regional meetings) provide such platforms for collaboration.

See also additional papers on Ideas on the High Level Summit, and Event flow for COP22.

Clear organising principles for commitments, action and accountability

- 1) Companies committing to a defined list of specific 3rd party commitments and action initiatives in one of the above areas (e.g. RE100, LCTPI), which drive scale through volume of companies participating from a wide variety of sectors.
 - a. These may consist of many businesses committing to the same individual goal, which then add to give impact at scale (eg RE100, SBT)
 - b. Alternatively, groups of companies committing to collective sectoral transformation including individual action, peer influence, shared technology development, enabling policy changes etc. (e.g. LCTPi, CGF Zero Deforestation)
 - c. Such initiatives should meet a **defined set of criteria** for inclusion in reports on progress, Action Agenda events etc. – the draft list of criteria is shown in **Appendix A**. Such criteria to include scale, traction, transparency, coherence have already been developed by WMB and shared with other business groups.
 - d. An annual report showing the collective ambition of all qualifying collaborative initiatives will be published to coincide with the Business and Climate Summit, titled the “The **Business End of Climate Change**”, it will answer the same ‘exam question’ posed to governments by the UNFCCC: “What is your most ambitious plan for impact by 2030? The 2016 report will contain a small number of qualifying initiatives but this will become an open platform and include growing numbers of initiatives in future editions, potentially partnering with cities and states/regions groups to provide full non-state actor coverage.
- 2) Initiatives of public-private cooperation provide platforms to address specific issues, such as the jurisdictional approaches to ending deforestation (eg Tropical Forest Alliance) and carbon pricing (eg the Carbon Pricing Leadership Coalition).
- 3) Proprietary commitments from companies setting out their own climate change targets/commitments, independent of other organisations, provide another dimension to the action agenda.

Transparency to ensure credibility of action implementation - NAZCA

The NAZCA portal provides a platform to amplify communication of action on climate change mitigation and adaptation by a range of Non-Party Stakeholders (NPS) and celebrates the real progress that mayors, governors, CEOs, investors and civil society leaders are already achieving. The power of the partnership between national governments and NPS which was especially strong through 2015 was recognized by the international political system through access to negotiations at COP21, and in Paris this was formally recognized in COP decision 1/CP.21 which designated NAZCA as the home for NPS commitments. NPS demonstrated their willingness to act by pledging support for the Paris process, matched by their own commitments to reduce emissions and to finance the transition to a new climate economy. The best evidence of these commitments and their impact is captured in NAZCA. It presents the most comprehensive picture available, capturing 11,615 individual

and cooperative commitments made by 2,090 companies, 448 investors, 2,364 cities, 167 regions, and 236 civil society organizations.

NAZCA therefore communicates the real force of NPS action and is well positioned to continue to capture non-state actor commitments and to provide an accurate picture of their aggregated impact. NAZCA should therefore continue to work with a range of data providers to showcase NPS commitments and climate action. Working with data providers that have an established track record of data management and assessment as well as providing data quality assurance will help to ensure continued credibility of the information on the portal. In addition, we suggest introducing clear, public and consistent criteria for commitments to be added to the platform, which will further increase clarity, efficiency and credibility.

In the post-Paris era, public disclosure and reporting of progress against commitments by the individual actors is expected to add further credibility and offers the option of using the NAZCA platform itself to showcase progress against the commitments on the platform. With the support of the UNFCCC Secretariat, NAZCA would then continue to play a role as global viewer of commitments that mayors, governors, CEOs, investors and civil society leaders are making and track the real progress against them.

For broader thoughts in public disclosure and progress tracking see also paper submitted directly by CDP.

Our Post-Paris Focus – what do we need to do now?

- 1) Ensure delivery of existing commitments to action, realising a physical reduction in emissions. There remains some scepticism among some governments and civil society groups around whether companies committing will actually see it through, hence the importance of transparency. We will publish an **annual Review of Progress** to show how well each initiative is performing against the plans laid out in the BDC. In addition, we will work with UN agencies and others to ensure rapid convergence of methodologies, data and reports as far as is possible to avoid unnecessary duplication (for example by contributing to the first edition of UN assessments of business-focused cooperative initiatives, their impact and contribution to the 2030 Agenda for Sustainable Development, to be published by the UN Global Compact, UNEP, UNFCCC with the support of the Office of the UN Secretary-General at COP22 in November 2016 in Marrakesh).
- 2) Continue to drive up the number of new companies signing up to the commitments, and proactively connecting with other key change agents (Cities Platforms, Investors and other capital market players) to grow the scale and reach of the initiatives.
- 3) Introduce new company commitments filling gaps which were not covered by the Paris campaigns (E.g. An EP100 has just been launched with Mahindra group and others committing to double energy productivity by 2030, EV100, modelled on RE100 is being designed, where companies set a commitment to procure only electric vehicles from a particular date).

4) Consolidate multiplicity of initiatives where fragmentation still presents a confusing landscape to businesses eg Agriculture, Buildings energy efficiency. Champions could potentially help convene the consolidation process – and also risk exacerbating fragmentation.

5) Deepen collaboration to ensure maximum synergy for impact (e.g. on Renewable Energy acceleration, improving collaboration between LCTPi renewables, RE100, SE4All, Renewable Energy Buyers' Principles, RMI RE Centre is making it easier for more companies to move faster. Now need to link this with TerraWatt initiative, Solar Alliance etc. to drive faster investment in EMs, possibly working with MDBs).

6) Generate clarity on opportunities and barriers (policy, finance, technology etc) by thematic area/sector (see for example the LCTPi approach, and the Taskforce on Climate Related Financial Disclosures, and greater involvement of the insurance industry, as major unlocks for the finance area).

7) Extend and deepen business engagement in public private collaboration across the key thematic areas of the action agenda. Many current initiatives involve businesses and national governments working side by side to deliver actions (e.g. the Tropical Forests Alliance). Expanding engagement between the private sector and governments can rapidly expand the scale and impact of existing initiatives and seed new ones. UNFCCC processes like the TEP and the High Level Event should strive to accelerate these links.

The CEO leaders group on climate action formed for COP21 (a self-driven group utilising the World Economic Forum platform, which is currently at 72 CEOs of global companies from multiple geographies and sectors) provides an overarching international business leaders structure to help create a global network for such collaboration, as each CEO is often themselves linked to multiple climate action secretariats, organisations and initiatives. Work is already beginning through this CEO group to deepen public-private collaboration with the Carbon Pricing Leaders Coalition. A goal to 2018 could be to:

(i) Expand this CEO leaders group in particular across emerging economies; and

(ii) Have it identify a set of major (inter)governmental platforms receptive for public-private cooperation for each thematic area across the action agenda, and help it forge impactful collaboration with key business-led action initiatives of relevance. For example:

- Science Based Targets – an overarching approach to set business goals in line with Paris climate goals, with parallels already emerging amongst cities and states/regions groups
- SE4All and the RE100/Portfolio Decarbonisation Coalition;
- the 2030 Finance for Development Agenda and blended finance platforms with business-led climate finance and infrastructure investment initiatives;
- the Tropical Forest Alliance and CGF/other business commitments for sustainable commodity sourcing;
- the Climate Smart Agriculture Alliance and new business climate-action commitments on land and agriculture; business-led transport initiatives and the World Bank led Sustainable Transport for All initiative;

- the UN and World Bank co-convened High Level Panel on Water and Climate, and business partnerships on water and resilient infrastructure etc.

Consolidating collaboration between Private Sector and UNFCCC process – What does business need from the “Quartet” of UN SG, UNFCCC, and two COP presidencies?

- 1) A commitment to maintaining stability in the above approach (themes, timing), so the private sector feels a sense of continuity, not just between COPs but as we move from the business led ‘Business Climate Summits’ in May/June to the government led COPs in November/December, strengthened through a clear link between the Business Climate Summits and the COPs.
- 2) A commitment to setting early dates and structure for private sector engagement in the COP process, making use of the existing event agenda where possible.
- 3) Championing sector action in key sectors and geographies where they have leverage, and where sectoral commitments have not yet been forthcoming with sufficient ambition.
- 4) A preparedness both to support the mobilisation of existing commitments, as well as an accountability process for existing commitments (i.e. we must show that commitments are being delivered on and progress being made in the real world, not only that others are making commitments – see criteria for effective collaborative commitments in appendix)
- 5) A meritocratic selection process for highlighted examples at the COP Action Agenda summits (unrelated to event sponsorship or other non-material factors) so we show the art of the possible at its best.
- 6) A clear role in driving Work Stream 2 to be focussed on impact, reinvigorating the technical expert process, and using these to maximize the catalytic link between the Action Agenda and national policies

Areas where businesses and their representative organisations can continue to collaborate

- 1) The development and ownership of a shared narrative of business action on climate change, to ensure consistent messaging.
- 2) Pooling of resources to ensure collaborative approaches to big summits e.g. Business Climate Summit) rather than a return to a proliferation of smaller events.
- 3) Deepening collaboration around action in each thematic area.
- 4) Raising the floor of minimal ‘leadership standards’ so that ‘Paris compliant’ business objectives become the norm by 2018.

Further questions for consideration

1. We urge consideration of the creation of a pooled resource working team from the various business organisations that could create continuity in the event organisation activities for both the mid-year summits and the end of year COP. This would ensure consistency of structure/messaging, and ensure longer term planning (we could set dates and locations for next few years of summits now). This would avoid the regular forming and deploying of temporary teams to deliver the summits, often with insufficient time to secure CEO participation. It would also help new presidencies/champions to quickly build capacity. Such a pooled resource team should reflect the diversity of the non-state actor world and not be skewed towards governmental representatives.

For example, it might include representatives from organisations working with business, investors, cities and states, plus team members from UNFCCC. We imagine a group of 15-25 individuals working in the key organizations and networks who actively collaborate to a) deliver key events; b) support the Champions in their efforts to strengthen and catalyse climate action; c) ensure the "connective tissue" of climate action remains strong.

2. At the strategic level, should we formalise the role that key groups play in the governance of the non-state actor agenda or allow it to be a more organic, evolving 'movement'? The Business Climate Summit has a steering group involving all the business organisations involved in that summit. What role could this play in setting the agenda for future summits? The Friends of Climate Action, convened by WEF but independent from it, has played a key information sharing role, but could that be elevated? Additional consideration is needed to who should be included (especially beyond the business sector) and what functions beyond information sharing might be required (for example, a formal role in advising Champions/presidencies on their strategies for engaging non-state climate action, planning events at COP, helping design the criteria around the Action Agenda.

3. Should the COP Action Agenda summits include a strong focus on accountability –recognising delivery (rather than commitments, which could be celebrated at the Business led summit)? This would allow the COP events(s) to focus on the connection to NDCs and national policies necessary to help support accelerated action from the private sector.). Alternatively would it be better to include both progress updates *and* showcasing new ideas/commitments at the COP events?

4. Are there international donors who see the value in non-state action at scale that would invest in some of the underlying capacity to deliver the above?

5. What does business need to deliver by 2018 and 2020 in order to have the maximal impact on the next round of national policy formation? What scale of expansion should we target, and what additional steps need to be taken over the next 18-24 months to meet that goal?

Appendix A

BDC Criteria for inclusion of collaborative initiatives in future editions

[the 2015 edition will include several of the initiatives promoted by the WMB coalition, but our wish is to include all significantly impactful collaborative business plans in future annual editions]

[we welcome early suggestions for initiatives to be included in 2016 report – and may be able to reference them in 2015 report if we can assess quickly!]

- a. Initiative must be global (open to all)
- b. Must meet a scale test (minimum potential impact)
- c. Must have existing traction (minimum number of companies)
- d. Must have an institutional owner/driver (someone who owns the plan, drives recruitment and drives action)
- e. Must involve clear public commitments from companies/groups of companies (individual company commitments or collective published plans), well formulated so

that third parties can judge effectiveness of plans (eg ensuring a plan does not achieve reductions by simply outsourcing)

- f. Must have specific GHG reduction targets and measurable outcomes
- g. Should have some type of reporting/monitoring mechanism or at least commitment to do so (default is via CDP which captures most companies and which will be adaptable year by year to ensure all initiatives' data captured where possible) to help third parties see and critique evidence of progress to ensure accountability.
- h. Must be coherent – i.e. targets of same type not just a collection of random commitments
- i. We will require each initiative to have a plan of impact to 2030 (eventually – for 2015 report, NCI will make transparent assumptions)
- j. All initiatives should plan to be included on the NAZCA portal

Initiatives wishing to be included in future editions of the BDC should make an initial self-assessment against the above criteria and then submit a proposal to the BDC Technical Committee.