International Chamber of Commerce
Policy and Business Practices

OPPORTUNITIES TO FURTHER ENHANCE THE EFFECTIVE ENGAGEMENT OF NON-PARTY STAKEHOLDERS

SUBMISSION REGARDING THE IN-SESSION WORKSHOP AT UNFCCC SBI 46[1]

Prepared by the ICC Commission on Environment and Energy

INTERNATIONAL CHAMBER OF COMMERCE
The world business organization

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I. Introduction

Business values existing opportunities in the UNFCCC and strongly recommends that they should be broadened and enhanced to create a more comprehensive, recognized channel for business engagement to strengthen implementation of the Paris Agreement.

Global leaders recognized the major contribution of business to the outcomes of the Paris Agreement and in follow-up activities around the world. We welcome this opportunity to share business views on the workshop to occur at SBI 46[1] in May 2017 on enhanced engagement of non-State stakeholders (NSAs) to strengthen implementation of the Paris Agreement.

Business's role is more vital than ever -- with its many sectors, value chains, and different national contexts -- in contributing a majority of investments essential to growing and greening economies, advancing energy access and security and developing and diffusing innovative products, processes, technologies, and services that generate and will continue to generate solutions for mitigation and adaptation in this essential global cooperative effort.

The UN General Assembly recently took the historic decision to accord observer status to the International Chamber of Commerce, and this signals the growing recognition that major sustainability challenges depend on synergistic public and private sector dialogue and action.

The entry into force for the Paris Agreement makes developing the institutional structures to work with business and others an immediate task. In our view, to be successful and effective, these interfaces should engage and prioritize representative business groups on substantive consultation and avoid "siloed" approaches that separate "implementation" from "policy elaboration and dialogue."

II. The SBI In-session Workshop and its Provisional Agenda

The UNFCCC SBI Workshop in May 2017 will provide an opportunity to start the development of a process that can enhance the role of non-State actors in strengthening implementation of the Paris Agreement.

ICC suggests inviting an advisory Group of NSAs to help develop the Workshop, working with the SBI Chair and UNFCCC Secretariat. In addition, we recommend that a portion of the Agenda, working with the Secretariat and Parties, should be self-organized by business and other groups including selection of themes and speakers. This should also include dialogue and interactions with Parties and the Secretariat. We would propose the following items for discussion to be included in the Agenda.

In our view, the workshop objectives should be:

- To enable Parties and non-State Actors to express their views on the best ways to enhance the role of non-State Actors in strengthening the implementation of the Paris Agreement.
- To agree a way forward on, where appropriate, enhancing current processes to improve engagement.

[1] Forty-sixth sessions of the Subsidiary Body for Implementation, 8 to 18 May 2017

Elements of an agenda could include:

1. Introduction: SBI Chair – 15 minutes
   Purpose of Workshop and expected outcome

2. Current Processes for Interaction with the UNFCCC processes: Observer Liaison Organization/Role of the UNFCCC Champions – 15 minutes

3. Describe current processes/areas of interaction and how they are managed

   - What unique inputs do Non-State Actors bring to the UNFCCC processes: Individual constituencies – 5 minutes each (total time 60 minutes)

   - What do Parties want non-State Actors to bring to the UNFCCC processes: 4/5 Parties – 5 minutes each (total time 30 minutes)

   - How can the input of non-State Actors be enhanced to increase impact with UNFCCC processes – Constituencies/Parties + discussion – 50 minutes

4. Conclusions and Way Forward – SBI Chair – 10 minutes

III. Building on Existing Business Interactions with UNFCCC

A) Interactions with the UNFCCC Champions

The UNFCCC Champions should catalyze dialogue between self-determined and representative business constituencies and the UNFCCC process. Business is a broad constituency encompassing many viewpoints, so it is essential that there are opportunities for Parties to hear a wide variety of views, actions undertaken and planned, as well as expectations from the process and barriers impeding further actions. Some ideas include:

- Champions should hold bilateral consultations with individual constituencies organized through the respective focal point – for business, this is necessary to enable a broad participation from a wide range of businesses through representative business groups in developing, emerging and industrialised countries. Those consultations should be summarized and conveyed to member States in an informational document as part of COP documentation. In that connection, there should also be an agenda item for each COP in which the Champions present the inputs from the constituency consultations after the Opening Plenary.

- Champions should moderate an annual “pre-COP” with constituencies and, where possible, hold focused formal Dialogues with individual constituencies on topics of interest. The Constituencies’ pre-COP should be co-organized with UNFCCC secretariat and Focal Points – and feed into the “High Level” event(s) – see point C.

- UNFCCC should create an Internet forum for the Champions and constituencies' focal points to raise and discuss relevant issues relating to the Paris Agreement and the Global Action Agenda.

B) NDCs and the Role of Business

The Paris Agreement is built on the foundation of INDCs[2], and in fact, several governments did seek and include business consultation in INDC preparation in diverse ways, while others still need to include and involve business - this will come through the cycle of INDC review and updates. Business representatives should be included in reviewing and strengthening NDCs[3] as part of the 5-year cycle at national and international levels - this is critical for continuity and consistency, both with respect to domestic preparations and to consideration of global implications of the entire portfolio of INDCs. Part of the 5-year review cycle from the Paris Agreement should include examination of ways to support innovation, technology, trade and investment – all areas where business should be part of the UNFCCC dialogue.

C) Enhancing the Effectiveness of the High-level Event

Like other aspects of institutional structure post-Paris, the high-level event should evolve to strengthen recognized engagement by key constituencies, including business, across all aspects of further elaborating the Paris Agreement and its implementation.

The current high-level segments of "one-off" events should evolve towards a structure with a clear and continued narrative to the UNFCCC and focus on informed input and problem solving in priority areas. A good example of a collaborative high-level event was held at COP-9 in Milan. It enabled a high level interaction between governments and business, with a formal report back to the COP.

To build on that approach, we would suggest a preparatory sequence of "inter-sessional" meetings to:

- identify "priority areas,"
- consult with experts and practitioners from governments, business and others, and
- develop recommendations to inform the High Level meetings.

Utilizing the business interface through the focal point to identify both experts and high level speakers would provide the added advantage of creating more informed networks, ownership and capacity.

D) Enhancing the Role of the Technical Expert Meetings (TEMs) vis a vis the Action Agenda

In general, a more formal follow-up process should be established for the TEMs to enable continued interaction with experts from the constituencies.

Business and industry groups should be invited to offer comments and suggestions on agendas for TEMS, as well as being invited 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 especially of:

- "real hands-on experts" who are active in the operations of a company and can convey technical and/or financial feasibility, constraints and opportunities, as well as
- experts from/ aware of implementation challenges and solutions in vulnerable countries.

TEMs should focus on innovation needed following the Paris Agreement's entry into force. In that regard, we would suggest the objective would be to encourage broad innovation not only of technology, but also relating to finance and business models, as well as motivating governments' support to universities and schools to enable skill and capacity development in science, technology,

[2] Intended Nationally Determined Contributions
[3] Nationally Determined Contributions

engineering and mathematics (STEM) which will be crucial to enable businesses to deploy the low carbon technologies society needs to meet the Paris Agreement's aims.

TEMs should also foster exchanges on the many existing technological innovations and solutions for climate mitigation and adaptation, which have not yet been implemented at the scale and pace required to achieve emissions reductions and climate resilience.

Furthermore, TEMs could be structured according to the implementation of sectoral or cross-sectoral roadmaps, or share information among the industry's large carbon emitters facing similar challenges on mitigation and consider opportunities where scaling up and mainstreaming of a solution to all markets would result in a larger common impact.

Overall, the link between TEMs and the Technology Mechanisms (TEC[4], CTCN[5]) should be strengthened.

E) Business Voluntary Initiatives and Pledges for Paris Agreement Implementation

Voluntary initiatives and pledges are critical elements of an all-of-business and all-of-society approach, but post Paris, more must be done to mobilize the entire society and economy. The Global Climate Action Agenda is commendable, yet is just one element of a much wider mobilization of business that will be crucial across domestic economies and the global economy.

Actions undertaken by constituencies are already included to a substantial degree within the NDCs of numerous Parties to the Paris Agreement. While these constituency actions are seen as an important contribution towards a low-emission future, they should not be double-counted within the "global stocktake." Actions by companies should be transparently reported at a national level and, where appropriate, aggregated at a global level by multinational companies.

Transparency and tracking of voluntary pledges and commitments by business should also be voluntary through company reporting, and be carried out utilizing existing frameworks and standards (GRI, sectoral guides, etc.). It is essential that duplicate reporting processes are not created.

Voluntary reporting and facilitative review of pledges should feed into the "facilitative dialogue" that governments will pursue as part of the five-year cycle around NDCs. For business, efficient, effective, credible reports and reviews of progress from governments (including robust analysis and transparency on calculation methods) is of fundamental importance, and will likely be synergistic with voluntary reporting from business and its voluntary initiatives.

Actions by companies should be transparently reported at a national level and, where appropriate, aggregated at a global level. Today, a harmonized framework - that would allow a comparable evaluation of initiatives' results across the industry - does not yet exist.

[4] Technology Executive Committee
[5] Climate Technology Centre & Network

IV. Vision - Creating an Enhanced Mechanism to Improve Business Interaction with the UNFCCC Process

The UNFCCC should consider and evolve to accommodate a recognized institutional interface for business, built on the model of other such consultative bodies, such as the IOE[6] or BIAC[7], engaging national and regional representative business organizations. This arrangement would in no way undermine the fundamental intergovernmental nature of the UNFCCC, and would provide a resource for Parties and the Secretariat to utilize as they determined.

Examples of other UN forums that bring business into a more practical working dialogue and cooperative relationship with governments (and other stakeholders) include the Montreal Protocol and the UN Strategic Approach to International Chemicals Management (SAICM). In both cases, the involvement of business and other stakeholders is not marginal to the intergovernmental process, but actually embedded into and complementary to it. While the scope of the Paris Agreement (and the UNFCCC as whole) is much broader that Montreal or SAICM, ICC believes that moving towards a mainstreamed and recognized role for business post-Paris is critical to achieving current levels of ambition as well as future objectives for mitigation, adaptation, investment and finance.

It is our view that the UNFCCC process would benefit greatly from the creation of a standing mechanism(s) that allows Parties to access private sector expertise. In particular, focus should be concentrated upon how to enhance implementation through the provision of information on company actions/achievements, the impacts of policy measures, available and developing solutions etc. UNFCCC interactions with business could include discussion of “practical” aspects of both policy and actions.

As a starting point, we suggest inviting through the constituency focal point a consultative body of business experts to enable requests for information/interactions with the business community to be analyzed and appropriate inputs invited to ensure a wide range of responsible business views.

The form of such a mechanism that draws upon private sector expertise could be an advisory body, consultative mechanism or expert committee; however, it is more important that the form embodies the following guiding principles:

- Inclusivity and recognition of diversity – including geographical balance, sectoral diversity and size of enterprises;
- Openness and transparency; and
- Flexibility and adaptability.

This business advisory group could run as a pilot to demonstrate its value and identify areas where improvement would be needed. It would serve as the foundation for building a recognized interface, or channel for business.

The development of a recognized channel for business would assist not only business, but also Parties, UNFCCC officials, the Secretariat and other stakeholder groups. For example, during dialogues and workshops such a channel could allow business to identify information, issues and participants to make more effective inputs. It would also serve to enhance communication and outreach to the broad business community in developed and developing nations that has limited time, expertise and resources to engage directly in these processes.

Over time, such efforts would promote establishment of effective networks among all constituencies in a way that creates continuity and continuous improvement—as has been demonstrated in arenas where recognized engagement exists.

[6] International Organisation of Employers
[7] Business and Industry Advisory Committee to the OECD

Annex: Background - BINGO Community

Who is the BINGO Community?

The Business & Industry (BINGO) community comprises companies and organizations that represent a diverse range of business interests, goods and services, expertise, and financial size. BINGOs represent a wide and diverse range of views and experiences, as such, it is essential that all business sectors have an equal ability to observe, inform and support the UNFCCC process. Equal access to information and the opportunity to comment should be open, transparent and regular, for example through a website or another regular communication tool. It should also be acknowledged that the ability for BINGO members to travel to UNFCCC meetings varies. Constraints such as these should not limit an observer's access or ability to contribute vis-à-vis a potential mechanism. Lastly, the mechanism should be nimble and able to adapt and respond to the pace of the negotiations, as it moves from design to implementation of an agreement.

Representative business groups should be given priority recognition and access, in the many areas of their expertise such as technology, investment, trade, innovation and finance. Such representative business groups should be transparent in terms of the sectors and groups that they include within their representation. In that regard, there is a critical need to involve developing country business communities and small and medium-sized enterprises (SMEs), and representative business groups are ready to work with the UNFCCC and Champions to assist in engaging a wider range of business representatives from developing countries.

What is the role of the BINGO Community?

The BINGO Community has a number of roles both at national and international level.

At UNFCCC meetings BINGO members are observers. The roles taken by individuals within the BINGO community vary depending upon the aims of the organisation to which members belong. These can include:

- Discussing/demonstrating policy options with government representatives or through participation in UNFCCC/independent side events;
- Demonstrating company actions/achievements through presentations in side events/booths;
- Acting as "experts" in side events discussions/panels (including those organized by UNFCCC);
- Monitoring outcomes of the meetings for reporting back developments/trends within their associations/companies;
- Establishing national contacts for future local discussions.

For joint statements, comments, or input for a specific topic a co-ordinated business statement is developed through the Business Focal Point.

Business has, at present, multiple points of interaction with the UNFCCC process. In the majority of these cases participation is co-ordinated through the Business Focal Point, ICC, alongside the UNFCCC Observer Liaison Organization.

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INTERNATIONAL CHAMBER OF COMMERCE

The world business organization

The International Chamber of Commerce (ICC)

ICC is the world business organization, whose mission is to promote open trade and investment and help business meet the challenges and opportunities of an increasingly integrated world economy. With interests spanning every sector of private enterprise, ICC's global network comprises over 6 million companies, chambers of commerce and business associations in more than 130 countries. ICC members work through national committees in their countries to address business concerns and convey ICC views to their respective governments.

ICC conveys international business views and priorities through active engagement with the United Nations, the World Trade Organization, the G20 and other intergovernmental forums.
Close to 3,000 experts drawn from ICC member companies feed their knowledge and experience into crafting the ICC stance on specific business issues.

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