

Major Economies Business Forum

on Energy Security and Climate Change



www.majoreconomiesbusinessforum.org



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Policy & Action



Major Economies Business Forum: Perspectives on COP-22/CMP-12 Marrakech, Morocco Implementing the Paris Agreement

KEY MESSAGES

- Business has important experience, insights, and perspectives to help inform and develop domestic and international procedures and stocktaking exercises under the Paris Agreement, in particular those to promote transparency and to assess collective global progress.
- Nations will need to develop essential methodologies and procedures, including transparency processes that respect national circumstances, to measure and report progress toward fulfilling their Nationally Determined Contributions (NDC).
- National reports should address mitigation, adaptation, and means of implementation, including finance and capacity building, and should describe clearly performance metrics, progress and trends to meet goals set forth in their individual NDCs.
- Development of future NDCs should be informed both by progress to achieve national goals and in light of agreed procedures to assess global progress under the Paris Agreement.

- The Paris Agreement should recognize and support the opportunity for nations to utilize mutually agreeable cooperative approaches to fulfill their NDCs and other actions to mitigate and adapt to climate change.
- Any transfers of emissions outcomes through cooperative approaches should be quantified, assure that transfers have environmental integrity and will be applied to satisfy only one INDC without double crediting under the Paris Agreement.
- Major Economies Business Forum (BizMEF) partners are committed to share our insights, experience, and expertise to promote efficient, effective, and practical ways to mitigate and adapt to climate change. To do this most effectively, the Parties to the Paris Agreement should establish a more effective channel to engage representative business input.
- Business is also interested in working with “champions” to contribute to their work program, in particular, how to monitor progress of voluntary initiatives by non-state actors, and ways to enhance their effectiveness.

BACKGROUND

BizMEF includes as partners and observers many major national and regional cross-sectoral business organizations representing millions of companies on six continents and five international sectoral business associations. BizMEF has participated in and shared views at meetings of the UNFCCC since COP-15 in Copenhagen in 2009.

Members regard as important tasks at COP-22 making progress in developing essential methodologies and procedures required to monitor progress and promote more ambitious steps going forward. COP-21 in Paris established an agreement based on voluntary contributions by nations, tailored to their national priorities and circumstances. This resulted in near universal participation which will be essential to achieve challenging long term goals. However, the Agreement is

incomplete. To implement the agreement fully, nations must establish a variety of new processes and methods in the near future. In particular, the Agreement lacks agreed tools to measure, report, and review nation’s progress toward meeting their Nationally Determined Contributions (NDCs) and to take stock of overall progress to deliver global outcomes. Developing these tools, especially those for transparency and taking stock of progress, will be essential to demonstrate real progress and to maintain momentum for the Agreement and to build the trust necessary to establish more ambitious future efforts.

Transparency, national priorities, and circumstances: INDCs and associated transparency processes should reflect national circumstances, capabilities, priorities, and, where appropriate, sectoral roadmaps. A one-size-fits-all approach is neither appropriate nor desirable. The

priority need not be for one, single, comprehensive set of all-encompassing rules and approaches to MRV. Rather, MRV needs to be efficient and effective in judging results and progress in achieving national commitments. In particular, procedures should be tailored so that national reports reliably and efficiently track progress and trends towards achieving contributions as specified in their NDC. BizMEF urges Parties to establish and implement the transparency regime as soon as possible and to improve it over time based on experience (see BizMEF 2016 issue paper: *Transparency and MRV*).

Assessment and improvement of (I)NDCs:

While nearly all nations have submitted Intended Nationally Determined Contributions (INDC), many do not describe the policies they will use to achieve state goals, and those not based on economy-wide outcomes lack clarity on metrics to evaluate outcomes. Moreover, few INDCs provide any information on finance: neither the amounts to be supplied nor how they will measure concepts such as mobilizing finance from public and private sources. Clearly, the actions of many developing nations, especially least developed nations, will depend on aid. It is difficult to see how they can plan long-term response without better information on finance. BizMEF members encourage all nations to engage business, academia and other stakeholders to provide informed input concerning the nature of INDCs, their environmental, economic and social consequences, and progress to achieving goals. BizMEF members intend to develop and participate in forums to help inform national and international processes, regarding not only

domestic but also international implications of INDCs.¹

Assessing global progress: The Paris Agreement calls for a facilitative dialogue in 2018 to assess collective progress towards meeting long-term goals, to be followed thereafter by global stocktakes at five-year intervals. Going forward, business will need to account for the domestic and international effects of the entire portfolio of INDCs (and other developments) on their operations, investments, and supply and value chains. Consequently, business has unique insights relevant to this assessment. For example, BizMEF in cooperation with the Business and Industry Advisory Committee to the Organization for Economic Cooperation and Development (OECD) recently hosted a workshop at OECD: *Business Engagement in INDCs and the Paris Agreement*. At this event were convened experts from business, government, and those associated with the UNFCCC to consider implications of the initial portfolio of INDCs. In particular, it provided case studies and a survey of how BizMEF members interacted with national governments to establish INDCs.² We intend to continue working with colleagues to provide such input both through processes under the Paris Agreement and in complementary less formal processes

¹ For more information, see BizMEF's 2016 issue paper, *Transparency and Measurement, Reporting, and Verification*. Available at: <http://www.majoreconomiesbusinessforum.org/issu epapers.html>.

² This paper (*US Council for International Business- BizMEF Survey on Business Engagement in INDCs: Results and Observations*) and other presentations from the September 2016 event are available here: <http://www.majoreconomiesbusinessforum.org/ev ents.html>.

convened by credible, authoritative institutions.

Clarify approaches to mitigation: The Agreement should support and promote a range of approaches that might be used to address mitigation among voluntarily cooperating nations. Currently, it is unclear, even bewildering, for businesses to understand how the wide variety of existing approaches under the Kyoto Protocol and those being developed under the Paris Agreement and other initiatives will work, either singly or in combination with one another. BizMEF intends to share views on those approaches and processes that may be most effective and efficient in allowing business to contribute to solutions and those that may be inefficient. BizMEF has provided governments with consensus views on a broad array of topics, including in recent issue papers on *Carbon Pricing* (2014) and *New Mitigation Options* (2013), and, this year, *GHG Markets in Article 6 of the Paris Agreement*.³

Build capability for technology deployment: BizMEF members are encouraged by the interfaces for business to work with new institutions including the Green Climate Fund, CTCN, and TEC, and we are participating in those activities.⁴ BizMEF supports as part of the Paris Agreement development of a single business channel through which businesses around the world could interact with the UNFCCC. The

³ Available at:

<http://www.majoreconomiesbusinessforum.org/issuepapers.html>.

⁴ For more information, see BizMEF's 2014 issue paper, *Expectations to the Green Climate Fund*. Available at:

<http://www.majoreconomiesbusinessforum.org/pdf/Expectations%20for%20the%20Green%20Climate%20Fund.pdf>.

fundamental concept is that business itself would establish a forum based on national affiliates open to all business groups involved in the international climate process. This would provide means to develop responsible, representative business views across the full range of relevant issues, and to provide and exchange business views more efficiently and comprehensively with the many actors and activities within the UNFCCC, including parties, regional groups and the Secretariat, as well as associated institutions.

Work with existing processes to promote more resilient development: Achieving the ambitious long-term goals in the Paris Agreement will require that efforts to address climate change occur in mainstream business practices involving small and medium enterprise, as well as multi-national enterprises, across the entire spectrum of suppliers, producers, and customers in a globalized economy. Multiple existing domestic and international processes already provide capabilities and support that can help in achieving the objectives of the UNFCCC in both mitigation and adaptation. Overall, the Paris Agreement must not try to build a separate, comprehensive framework that encompasses every aspect of dealing with climate change. Rather, it should work to complement and leverage ongoing mainstream approaches that are already used by business and governments every day to address environmental protection and development needs.

Simplify and encourage flexibility: Business is concerned that the UNFCCC process has become far too complex. We believe that flexibility will be essential. Circumstances have changed considerably since the 1990s,

and they continue to evolve. The global economy and roles of various nations have shifted dramatically. Unanticipated changes in technologies and resource availability have made clear our limited ability to forecast changes; these underscore the need for flexibility to take advantage of real-world developments. Certainly, in coming decades, innovation, evolving scientific understanding, and experience with policies will provide us new insights in ways to address climate change.

Enhanced business engagement: Business has unique experience and insights that can help to inform processes to assure transparency of action and to understand implications of the overall portfolio of actions in INDCs. These insights can assist in identifying more efficient and effective ways to implement the Agreement through domestic and global actions. To contribute more effectively to the success of the Paris Agreement, BizMEF members continue to encourage Parties to create ways to improve business input to the process through enhanced, recognized channels. Business does not wish to participate directly in negotiations—that is the obligation and prerogative of governments. Business appreciates the opportunities provided to interact with the UNFCCC and associated institutions. However, in spite of widespread business support for an effective outcome in Paris, we note that the agreement itself fails to recognize explicitly business in any way. This is unfortunate, and a lost opportunity. Business groups participating in BizMEF have tasked by their members to engage with both domestic and international processes to understand and contribute to the development of effective climate policy. We wish to have enhanced, recognized means to share information and

participate in dialogue regarding the further development of the Paris Agreement and other aspects of the international response to climate change.⁵ Business is also interested in working with “champions” to contribute to their work program: in particular, how to monitor progress of voluntary initiatives by non-state actors and ways to enhance their effectiveness.

BizMEF ISSUE PAPERS

The issue papers prepared for COP-22 and listed below, as well as papers prepared for earlier COPs, are available at the BizMEF website at: <http://www.majoreconomiesbusinessforum.org/issuepapers.html>

COP-22, Marrakech, Morocco, November 2016

- Business in the UNFCCC—An Essential Element of Institutional Infrastructure for the Paris Agreement Intended Nationally Determined Commitments
- GHG Markets in Article 6 of the Paris Agreement
- Transparency and MRV
- Perspectives on COP-22/CMP 12 Marrakech, Morocco Implementing the Paris Agreement
- USCIB-BizMEF Report on business engagement in domestic and international implementation of the Paris Agreement

⁵ For more information, see BizMEF’s 2016 issue paper: *Business in the UNFCCC—An Essential Element of Institutional Infrastructure for the Paris Agreement*. Available at: <http://www.majoreconomiesbusinessforum.org/issuepapers.html>.

Business Council of Canada
BusinessEurope
BusinessNZ
Confederation of British Industry
Confindustria
Dansk Industri
Federation of German Industries – BDI
Iniciativa para el Desarrollo Ambiental y Sustentable — IDEAS (Mexico)
Keidanren
Lewiatan
National Confederation of Industry Brazil (CNI)
Mouvement des Entreprises de France (MEDEF)
Swiss Federation of Small & Medium Enterprises
U.S. Council for International Business
World Coal Association
World Steel Association

ABOUT BizMEF

The Major Economies Business Forum on Energy Security and Climate Change (BizMEF) is a partnership of major multi-sectoral business organizations from major economies. Modeled after the government-to-government Major Economies Forum, BizMEF is a platform for these groups to:

- promote dialogue and exchange views on climate change and energy security across a broad spectrum of business interests including major developed, emerging, and developing economies;
- highlight areas of agreement among participating organizations on the most important issues for business in international climate change policy forums; and
- share these views with governments, international bodies, other business organizations, the press, and the public.

Organizations that have participated in BizMEF meetings represent business groups in Australia, Brazil, Canada, China, the European Union, Denmark, France, Germany, India, Italy, Japan, Mexico, Morocco, New Zealand, South Africa, South Korea, Turkey, the United Kingdom, and the United States, as well as five international sectoral associations. Collectively, BizMEF organizations represent more than 25 million businesses of every size and sector. Because BizMEF partnering organizations represent a broad range of companies and industries—including energy producing and consuming companies as well as energy technology and service providers—the partnership is able to provide robust and balanced views on a range of issues.

For more information on BizMEF, please visit our website at:

www.majoreconomiesbusinessforum.org.