



World Business Council for Sustainable Development

PRIVATE SECTOR ENGAGEMENT AND THE GREEN CLIMATE FUND **Joint Business Submission to the Green Climate Fund (GCF) Interim Secretariat**

Since implementation measures for the Green Climate Fund (GCF) were announced in Durban, the private sector has grown increasingly enthusiastic about future engagement opportunities with this new financial mechanism. With the appropriate mix of financial incentives and structures, combined with deep private sector communications and involvement, we believe the Fund holds the potential to be truly transformational in the fight against climate change.

Through internationally-accredited associations, business representatives behind this joint submission cover several million industrial, energy, financial, and professional services companies; we are all global in nature, working across many jurisdictions which the UN categorizes as both developed and developing regions.

The private sector has a unique role to play in maximizing the impact of GCF's funds. A successful GCF engagement process with private sector observers should help deliver many multiples of the GCF's funding for mitigation and adaptation activities; successful private sector engagement will help to catalyze and attract significant sums of private capital and investment for mitigation and adaptation in developing regions.

GCF's Board has an incredible, and largely unprecedented, opportunity to tap into the international private sector's unique operational expertise and appreciation of various types of policy mechanisms and financial instruments, which most effectively reduce risk or lower capital costs for private investors in low-carbon technology, infrastructure, and resilience-building.

The international business community is committed to using GCF's engagement process to make private sector insights and experiences available to the Fund's Members and Interim Secretariat. We are therefore grateful for this opportunity to highlight four key areas, which the private sector believes to be particularly critical at this juncture of GCF's operationalization and engagement-building process.

On the road to defining private sector engagement with the GCF Board, we recommend that:

- 1. The private sector should select private sector observers;**
- 2. Private sector observers should be given the ability to have alternates;**
- 3. Private sector observers should be allowed to call upon technical experts; and**
- 4. Private sector engagement goes beyond meetings – *ongoing, active private sector engagement will prove critical.***

Each of the above-mentioned recommendations is discussed in more detail, below.

1) The private sector should select private sector observers.

The private sector has significant experience in this area via the UNFCCC process and many others where diverse views have successfully been accounted for, and brought forward, through well-designed processes. Key to repeating this success in the GCF context will be tapping into this knowledge-base to allow the selection of observers who can represent the diverse experience and interests across the international business community.

It is important to stress that business participation should involve experts with experience leading major investment projects across a range of sectors, not just those responsible for arranging finance. To reach environmental and economic objectives, finance must help mobilize successful and sustainable projects, for example those that result in diffusion of efficient technologies or by enhancing capacity in governance or training.

Representatives behind this joint submission are currently engaged in a consultative process to develop an agreed-upon framework for identifying private sector individuals who hold the expertise and experience necessary for achieving the objectives of the Fund.

2) Private sector observers should be given the ability to have alternates.

Active private sector observers will make every effort to ensure their presence at every meeting, with a view to building trust and institutional memory in order to facilitate a consistent, constructive dialogue. Key to the active private sector observer role, however, will be the use of alternates. Alternates would be engaged in the process, with the ability to stand-in for active private sector observers, should conflicts or unanticipated emergencies arise. Enabling private sector observers to have alternates will ensure that the private sector is always able to appropriately contribute to the GCF board's work, as well as to provide the breadth of competence required for achieving the broad mandate of the Fund.

3) Private sector observers should be allowed to call upon technical experts.

In order for private sector observers to provide the board with access to "best available expertise" on specific issues, active private sector observers should have the ability to – and be expected to – call upon experts from across the international business community, in order to enhance and supplement their contribution. The involvement of technical experts in GCF board discussions should always be linked to a specific issue or theme, and a reasonable level of advanced notice should be given to provide time to identify experts and to assure proper preparation.

4) Private sector engagement goes beyond meetings – *ongoing, active private sector engagement will prove critical.*

Business involvement should support a range of GCF activities, not just participation at meetings. For example, business should be directly involved in actions such as, but not limited to: organizing workshops with the GCF Board; contributing to agendas; providing input to, and reviewing, issue papers on key topics; facilitating outreach to developing country business; and offering business background papers for consideration by the board, etc. In this way, the entire business community can help shape an effective GCF that will catalyze investment, contribute to capacity building, and improve enabling conditions.

Additional Considerations

Business stakeholders are currently sharing and synthesizing our views on a viable, carefully-designed **support structure**, capable of enabling active private sector observers and alternates to tap the broader range of private sector expertise and experiences around the world. As these discussions proceed, and proposed concepts advance, we look forward to providing additional ideas to GCF's Interim Secretariat and board members.

Identifying appropriate private sector representatives to the GCF board (observers and alternates), while following a robust and inclusive process, will naturally require additional time. With this in mind, we believe that an interim private sector engagement measure – or provisional **bridging mechanism** – will be needed, such as the approach used during the inaugural GCF board meeting in Geneva. Under this scenario, private sector representatives should be identified by business on a provisional basis.

Finally, GCF should seek a **broad and deep interface** to the international business community, rather than be reliant on participation of a few select experts acting in their own capacity. To this end, business would establish a system which builds on and draws from established networks to provide ongoing input to observers on GCF issues, and to the entire GCF process.

Conclusion

On behalf of the broad coalition of international business representatives in support of this high-level submission to GCF's Interim-Secretariat, we truly appreciate your consideration to the above recommendations, as well as the opportunity to provide input into the private sector-GCF board engagement-building process. We look forward to further more detailed discussions and opportunities to lend input into this important process both prior to, and during, the second GCF board meeting scheduled for mid-October 2012 in Songdo, South Korea.

Sincerely,

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