



Press Release

From: World Business Council for Sustainable Development, Ecofys, Climate Focus

Subject: Private sector and the international climate change negotiations- developing options for institutional engagement

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The World Business Council for Sustainable Development, Ecofys and Climate Focus have been awarded a study contract by the European Commission to look into possible design options for effective and formal private sector engagement within the international climate change policy development and implementation process.

Business and government must work together to design innovative policies and mechanisms to address climate change. The European Commission, in its Communication "Towards a comprehensive climate change agreement in Copenhagen" estimated the net global incremental investments for mitigation alone would be in the order of € 175 billion by 2020 to confine global warming to 2°C. A UN climate secretariat report suggested that the private sector will account for 86% of financial flows required to address climate change mitigation and adaptation. The European Commission's recent Communication "Stepping up international climate finance: A European blueprint for the Copenhagen deal" also recognised a key role of the private sector, and estimated that international carbon markets alone could deliver a flow of up to € 38 billion per year to developing countries in 2020.

The key question is how governments can design policies that effectively leverage private capital, know-how and engagement to deliver the solutions necessary to address climate change at the scale and pace needed?

Recognizing the potential for closer collaboration between business and government, the European Commission is supporting this project to further explore the potential for more formalized and effective private sector engagement in the process of developing and implementing international climate change agreements. The World Business Council for Sustainable Development, Ecofys and Climate Focus will collectively undertake this work through an open and consultative process. This will include engagement with a wide range of stakeholders from diverse regions.

Bjorn Stigson, President of the World Business Council for Sustainable Development, noted, "governments must negotiate an ambitious global deal, but it will be the private sector that will be key in the implementation of the required technology deployment and a large portion of the necessary financial flows. Engaging business expertise in the policy development would assist governments to take informed and effective decisions around policy and mechanism design. Their engagement in the implementation phase is also crucial. At the end of the day, we need policies that deliver projects quickly, and many of them."

"Through review of business engagement in other intergovernmental processes and by engaging in a closer dialogue between the private sector, governments and NGOs, we hope that this work will unveil ideas for more formal and efficient collaboration," notes Kornelis Blok, Director of Ecofys.

Charlotte Streck, director of Climate Focus states that "The times where international law was a matter that dealt exclusively with States are history. Today private actors are involved in the shaping and enforcing international norms. There is hardly any area where this is more true than in the case of climate change. It is therefore essential to define fair, efficient and equitable structures to tap into private expertise and take due account of private stakeholders' interests in the UNFCCC context."

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