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Market-Based Instruments: The Forum Approach

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Rueschlikon, 30 October 2003

Agenda

- ☐ **The Water Initiative**
- ☐ **The Global Greenhouse Gas Register**

The Water Initiative

The Water Initiative in a Nutshell

The Water Initiative in a Nutshell:

In partnership with the United Nations Environment Programme (UNEP), the World Economic Forum is developing ***an initiative to facilitate multistakeholder cooperation in the management of water and watersheds “from the summit to the sea.”***



Objectives

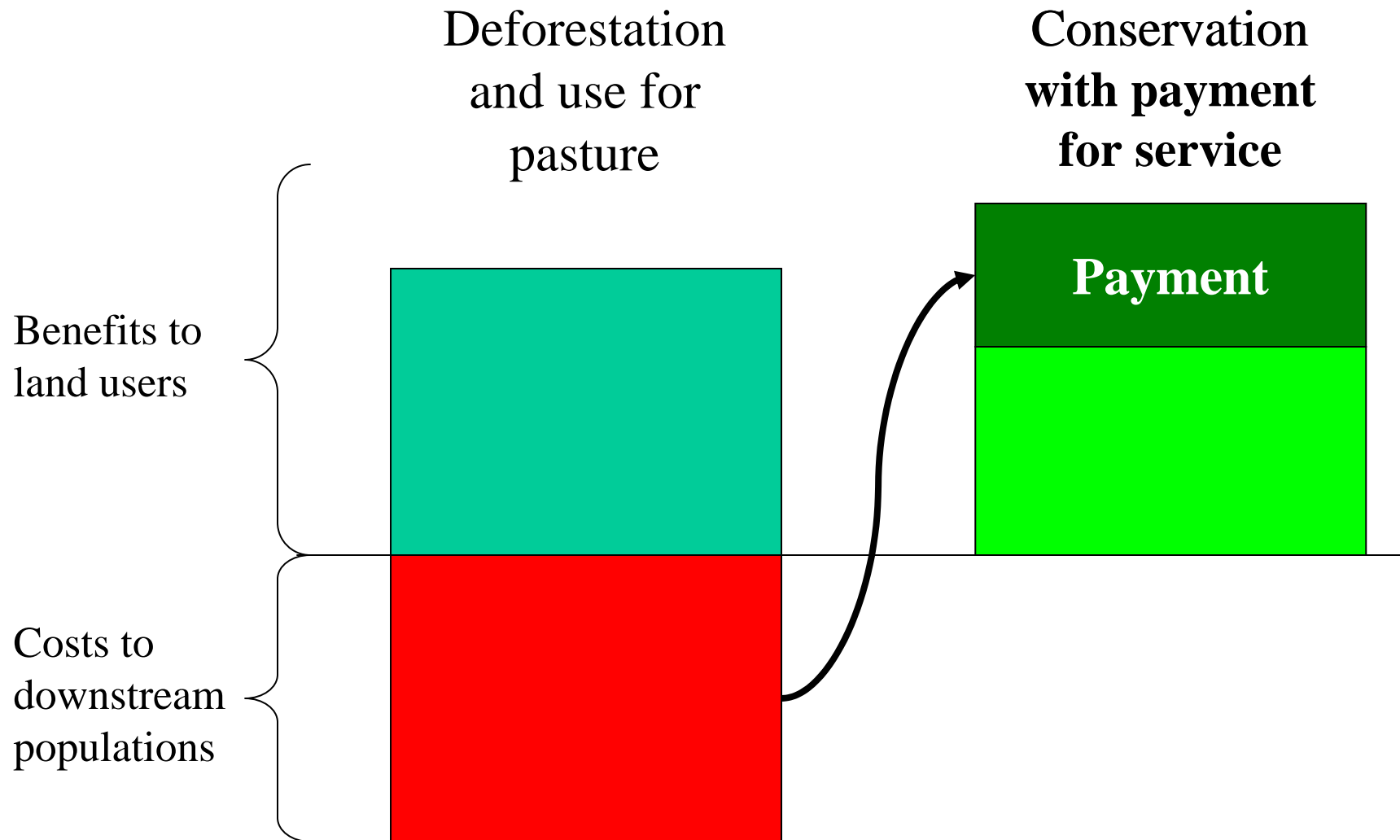
The Water Initiative is intended to facilitate private sector participation in the maintenance of watersheds and put water management at the forefront of economic development. The Water Initiative has three principal objectives:

- Serve as an incubator for **public-private partnerships** that address the importance of water and watershed management.
- Contribute to better understanding of how to structure and balance the costs and benefits of **payments for environmental services**.
- Establish and promote **best practices** in the management of watersheds and related payments for environmental services.

Why Participate in the Water Initiative?

- ❑ Addressing water and watershed issues can reduce costs and increase income for businesses; it can also serve the enlightened interest of corporations by contributing to sustainable development.
- ❑ In benefiting the bottom line, the Water Initiative can provide businesses with a net positive economic, social and environmental effect.

Why Participate in the Water Initiative?



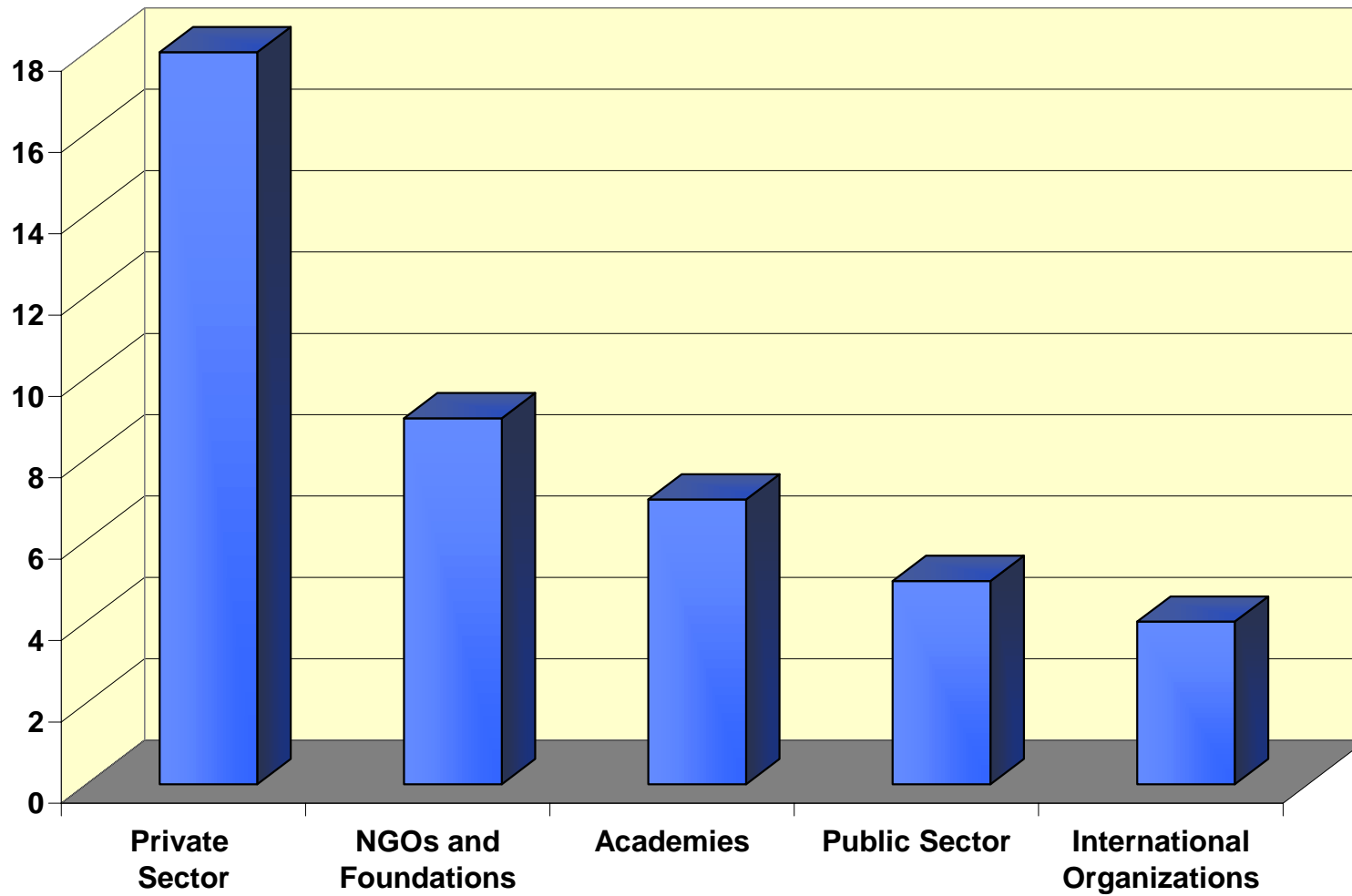
Source: World Bank, 2003

Why Participate in the Water Initiative?



Companies have a unique and vital role in shaping the management of watersheds to secure access to safe drinking water and mitigate vulnerability and hazards within the watershed.



Participant Breakdown



Participation Requirements

-  Companies and organizations that are willing to share their best practices and/or adopt those of others are welcome to the Water Initiative.
-  Companies and organizations that are to partner in specific water and watershed management projects.

Workstreams

Events:

- Regional Summits
 - Private Meetings
 - Public Sessions
- Water Initiative Task Force Meeting, Chaired by Alcan in Switzerland -- Autumn 2003
- World Economic Forum Annual Meeting in Davos
- Workshops and on-site visits to facilitate learning about watershed management & partnerships (some to be hosted by companies)

Workstreams

Workstreams:

- Collect and organize available information on best practices on public-private watershed management
- Develop private sector guidelines or code of conduct on watershed management
- Conduct outreach to encourage uptake
- Partnership match-making
- Information clearinghouse
- Facilitate access to concessional financing
- Recognition of exemplary practices and models

Additional Information

If you have a question about the Water Initiative, please contact the initiative's Senior Project Manager, Andrei Iatsenia, or his Forum associate, Oliver Haugen, at the numbers indicated below:

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The Global Greenhouse Gas Initiative

Genesis of the Initiative

- ❑ “The greatest challenge facing the world at the beginning of the 21st Century – and the issue where business could most effectively adopt a leadership role – is climate change.”

Statement issued by the World Economic Forum at Annual Meeting 2001

- ❑ A Forum workshop on business contributions to environmental sustainability held in July 2001 concluded that **“key impediments to broad voluntary action by companies to reduce greenhouse gas emissions included the absence of a widely-recognized international platform for the registration of corporate commitments.”**

Genesis of the Initiative

- ❑ While work on corporate accounting and reporting standards for the measurement and reporting of GHG emissions is well developed (e.g., the GHG Protocol);
- ❑ There is no international platform for disclosing such information as it pertains to corporate-wide emissions;
- ❑ Companies more inclined to prepare GHG inventories if there were a global repository to register commitments – which would receive a measure of international recognition;

Why the World Economic Forum?

Participants thought the Forum might be an appropriate vehicle to address these issues, given its:

- Diverse regional and sectoral corporate membership;
 - International standing;
 - History of facilitating high-level multi-stakeholder cooperation.
- ➔ “The Forum is an independent international organization committed to improving the state of the world. The Forum provides a collaborative framework for the world's leaders to address global issues, engaging particularly its corporate members in global citizenship.”

Supporting Partners



Deloitte Touche Tohmatsu is supporting the initiative by providing a Project Manager (Robert Casamento) to the Forum for 75% of his time.

Why Register GHG Emissions?

Stakeholders, such as investors, customers, and NGOs are becoming increasingly interested in corporate public disclosure of GHG emissions information.

They want to know how companies manage climate change risks and how they are positioning themselves in the face of emerging climate change regimes.

What Are the Objectives of the Global GHG Register?

The Global GHG Register provides a platform to help companies:

- ☐ Understand their GHG emissions profile;
- ☐ Identify the most cost-effective means of managing and reducing emissions;
- ☐ Improve the transparency of GHG reporting to key stakeholders;
- ☐ Demonstrate early actions, which is a wise risk-management strategy.

What Are the Objectives of the Global GHG Register?

In addition:

- ☐ The Register enhances appreciation among policy-makers, civil society and environmental organizations of the opportunity for, and value of, voluntary climate activities;
- ☐ The Register helps build recognition and interaction among developing world participants;
- ☐ Participants will be identified as leading companies taking steps to address climate change;
- ☐ The Register is designed as a web-based platform.

Target Audience

- ❑ Target users include:
 - Companies
 - Policy-makers
 - Financial Institutions (in particular SRI analysts)
 - NGOs
 - General public.
- ❑ Focusing on both developed and developing country emissions. We expect the Register will help build recognition and interaction among developing world participants;
- ❑ It is anticipated to be a global outreach with global users.

How Is the Register Different from Existing Programmes?

- ❑ Only registry at present focusing on global emissions reporting;
 - ❑ Is both complementary to - and largely compatible with - existing programmes.
- ➔ *Inventories and targets approved by another programme could be eligible for registration in the Global GHG Register, provided that the requirements of these programmes are consistent with the criteria required by the Global GHG Register.*

Who Can Participate?

- ❑ Open to all companies wishing to register their GHG inventories -- *not just World Economic Forum members!*
- ❑ Designed for companies to register emissions from both developed and developing countries.

Register Requirements

- ❑ Registering companies are asked to:
 - **Prepare a corporate-wide inventory of GHG emissions for the six major GHGs**, based on the accounting principles outlined by the WRI/WBCSD GHG Protocol. Unit- or region-specific inventories are permitted provided there is a commitment to develop a corporate-wide inventory by a certain date;
 - **Allow the reported information to be made publicly available on a web-based platform**, updating it annually;
 - **Have their inventories of GHG emissions independently verified.** If an inventory is not already independently verified at the time of registration, participants commit to having processes in place to ensure that the information provided is verifiable. In such situations, participants are prepared to allow for the possibility of a random third-party spot check organised by the Register.

Options

- ❑ **Targets.** Registration of GHG emission reduction targets is invited and encouraged but not required for registration of a GHG inventory.
- ❑ **Financial Reporting.** In time, registering companies will also have an opportunity to indicate whether they incorporate GHG emissions reporting in their financial statements and annual reports in accordance with emerging financial accounting standards, such as those under development by the International Accounting Standards Board.

What Does It Cost to Participate?

- ❑ Participation is free for companies with verified emissions.
- ❑ For companies that do not have their GHG information verified, an additional fee of €10,000 per year will apply.

When Will the Global GHG Register Be Launched?

Public unveiling at the **UNFCCC Conference of the Parties meeting in early December 2003, Milan.**

- ☐ Companies are invited to commit to participation with the view to providing data in January 2004 or later, depending on when they are ready to join.
- ☐ Website operational in time for the World Economic Forum Annual Meeting 2004 in Davos.
- ☐ Participants will be given a secure online screen to submit their data. The website is currently being developed and will be ready for receiving data in January 2004.

Contact Details

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