

UN Vision Project on Global Public Policy Networks

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**GREENPEACE & THE FINANCIAL SECTOR – THE POSSIBILITY
OF PROFITABLE RELATIONSHIPS BETWEEN NOT-FOR-PROFITS
AND FOR-PROFITS**

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Case Study for the UN Vision Project on Global Public Policy Networks

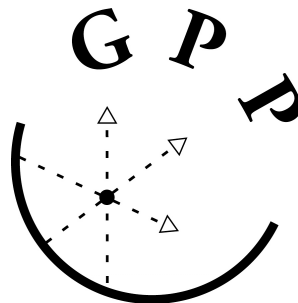


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I. INTRODUCTION

During most of this decade, a public policy debate of historic significance took place engaging actors from around the world. The issue was whether the threat of human-induced global climate change was real and, if so, what action should be taken.

As the decade closes, the main outlines of the scientific and policy debates are known. In 1992, over 160 governments signed a Framework Climate Change Convention (FCCC) which recognized the scientific basis and implications of human-induced climate change, and committed themselves to taking measures to prevent dangerous interference with the planet's climate system. In December 1997, under a separate protocol agreed in Kyoto, Japan, governments of industrialized nations further agreed to specific targets and timetables for the reduction of their emissions of carbon dioxide and other greenhouse gases.

There were, however, many moments during the debate when the outcome might have been very different. Narrow involvement in the international negotiations by the for-profit sector, initially almost exclusively by those industries whose products or technologies were largely responsible for most of the anthropogenic greenhouse gas emissions, created the impression that "business" as a whole challenged both the theoretical and, later, observed existence of a human-enhanced greenhouse effect, and the need for early precautionary action.

This case study illustrates how one not-for-profit environmental group, Greenpeace, sought to engage other actors from the *for-profit* sector in the debate - specifically insurance companies and banks - in the belief that the commercial sector was not monolithic in its opposition to government action to mitigate climate change. Although not itself an example of tri-sectoral networking, the dialogue was established within an existing tripartite framework, and contributed materially to its success. *The Greenpeace initiative exemplifies the way in which all actors can assist global public policy development by identifying under-emphasized issues, or potential solutions, and drawing new actors into the process.*

Writing in the *New Scientist* publication in November 1997, Fred Pearce commented that Greenpeace had "shown the way" by engaging the insurance companies in the international climate change negotiations, and had achieved a "coup" by persuading them to speak out. The following account, however, lays no claim that the work described had any more than a catalytic effect, and was no more than one of many factors which eventually

encouraged the insurance and banking sector to make public statements supporting government action to protect the planet from human-induced climate change.

Coincidentally, the work referred to in this case study is covered extensively in *'The Carbon War - Dispatches from the End of the Oil Century'*, by Jeremy Leggett, published by Allen Lane/Penguin Press in August 1999. As the Greenpeace expert and ambassador to the private sector during most of the period described, there is none better than Dr Leggett to recount the details.

II. BACKGROUND

In the late 1980s, and particularly in the run-up to the 1992 Earth Summit, non-governmental environmental organizations (NGEOs) found themselves in an unfamiliar and awkward position.

At least at the level of global public policy debate, they were no longer largely seen as extremists, Cassandras or outsiders. Scientific evidence from around the world increasingly supported many of the concerns which NGOs had been articulating for some years. There was broad official and public acceptance that the planet's various environmental problems warranted serious and urgent attention. In consequence, issues such as destruction of the ozone layer, climate change, loss of biodiversity and deforestation had been placed formally on the inter-governmental agenda.

Moreover, as a result of the growing scientific data, and the related expertise of many NGOs, an increasing number of these organizations was given observer status in the United Nations Conference on Environment and Development (UNCED) process, and in the negotiations on various multilateral environment agreements (MEAs) around the world.

Not everything, however, had changed. While governments and NGOs were broadly in agreement on many of the environmental threats, influential elements in the business sector, also given observer status in international negotiations, adopted a public policy of robust denial and rebuttal of environmental degradation and its causes, even in the face of what mounting scientific evidence. Thus ozone depletion was characterized as a "fiction tale". Fears of global warming were dismissed as a "political concoction". It was even asserted that the United Nations was bent on becoming a world-government.

The strong polarization of positions seen in these debates was both a legacy of the adversarial approach adopted by the for-profit sector on health and environment issues during the 1960s and 1970s, and a direct function of the structure and composition of the international negotiations. Actors in the early stages of MEA negotiations consisted mainly of governments, the accredited NGOs most active on the issue, and the representatives of the for-profit sector.

Without exception, the latter group did not reflect a broad cross-section of the for-profit community. Initially, it comprised only the representatives of those sectors regarded as primarily responsible for the source of the problem. Industries which might be the source of the solution to the problem were notable by their absence.

Thus, in the negotiations on the convention and protocol to protect the ozone layer, for-profit representatives consisted of the manufacturers of CFCs, the gas largely responsible for ozone depletion. In the negotiations on a framework climate change convention, the for-profit sector initially comprised individuals and coalitions representing the coal, oil and gas industries, the primary sources of the main greenhouse gas, carbon dioxide (CO₂). On several occasions during the period 1989-1995, these purported to speak in UN climate negotiations on behalf of "business" and were reported in the media as reflecting the views of the for-profit sector.

The events which are described below took place against this background.

III. SPECIFIC CLIMATE CHANGE CONTEXT

Based on the findings of the 1990 1st Assessment Report of UN Intergovernmental Panel on Climate Change (IPCC), and the 2nd World Climate Conference, governments embarked on the negotiation of a FCCC, with the first negotiating session being held in early 1991. As with the IPCC and Climate Conference, these negotiations consisted of discussions between government and international organization experts, with observer representation invited from the for-profit and not-for-profit sectors.

Within the context of the negotiations in 1991-1995, the main problems faced by the NGEOs were as follows.

- By and large, Governments recognized that the weight of scientific evidence pointed to the likelihood that human-made greenhouse emissions were changing, or would change, the planet's climate significantly, and that early action was required if the worst impacts (droughts, floods, sea-level rise, storm damage, refugees, and disruption of economic activity) were to be minimized.
- Governments also accepted that reduction of greenhouse gas emissions would ultimately involve concerted international action affecting all sectors of the economy. Since most emissions originated from the energy, transport and agriculture sectors of industrialized countries, major policy changes affecting these would be required.
- Governments were, however, under increasingly strong pressure from the energy and transport sectors in particular, and some oil-producing developing countries, to do nothing. Powerful industry coalitions contended that climate science was still uncertain and that economic costs of preventing climate change were not justified. Some even contended that even if climate change were a threat, there were neither the technological nor economic means to prevent it.
- Concerned by such assertions, government economic and trade departments began to question the economics of climate change, often using data supplied by the oil and coal industries highlighting alleged negative employment and disinvestment costs. By contrast, there were few inputs from the for-profit sector on either the economic costs of climate change, or on the investment and job-creation potential of abatement technologies, such as energy efficiency and renewable energy technologies.

- International institutions and governments were providing increased access to NGOs as observers. However, the frequency of negotiating sessions discouraged all but the larger NGOs (representing both for-profit and not-for-profit) for regular participation. Representation of the for-profit sector covered, almost exclusively, the largest corporations. The interests of small and medium sized enterprises (SMEs) were rarely represented, compounding the problems referred to in sub-paragraph (d) above. International secretariats had neither the time, resources, nor mandate, to seek a wider engagement from either the for-profit or not-for-profit sectors.

Based on its close formal involvement in both the IPCC and FCCC processes, Greenpeace's conclusion was that urgent measures were required to achieve three objectives.

Firstly, it was necessary to engage sectors of the for-profit community which would be able to speak authoritatively on the risks of global warming based on emerging climate science. Secondly, it was also necessary to engage new actors from the commercial world which could provide independent analysis on the potential economic costs of climate change. Finally, it was important to engage sectors of the for-profit community which could confirm to governments and the media that cost-effective technologies existed for the reduction of carbon from the energy and transport sectors.

IV. NOT-FOR-PROFITS SUPPORTING FOR-PROFITS?

In addition to its more frequently reported 'direct actions' aimed at halting or drawing attention to some of the more flagrant examples of environmental pollution or destruction, the Greenpeace organization had been active since the early 1980s in working directly with governments and international organizations in drafting new laws and treaties for the protection of the environment. Often this work received little or no media attention, but absorbed a considerable proportion of the organization's resources.

Based on Greenpeace's expertise on a range of environmental issues, representatives of the organization were accorded official observer status in many of the major international environmental meetings and negotiations in the 1980s and 1990s.

Due to its relatively small size and limited funds, Greenpeace, like other NGEOs, is compelled to achieve the greatest possible efficiency in its advocacy work. In operational terms, this means that it spends a considerable part of its time in analysis and campaign planning. In this context, it seeks to identify and involve other, more powerful, actors in the wider community who may share, and thus help amplify, its concerns and objectives on particular issues. An illustrative list of such actors is attached at Annex 1.

While there was a widely held view in the business community that NGEOs were opposed to 'big industry' and profit, in fact the truth was otherwise. For its part, Greenpeace was convinced that although conventional economic theory treated environmental pollution as an externality, profits and pollution were not inevitable partners. The economic costs of pollution and environmental degradation were rising sharply. A combination of new factors, including a tighter regulatory framework (international and national), rising consumer concern and legal liability issues were creating a new economic environment which provided incentives towards investment in cleaner production technologies.

Sharing the analysis of Harvard's Professor Michael Porter and others, Greenpeace saw the coming decades as a race between competing countries and companies for a new industrial society based, among other things, on superior economic and environmental performance, to be achieved largely through minimum possible use of energy and raw materials, and maximum recycling.

Although the for-profit sector, and some of the media, continued to caricature NGEOs as emissaries, variously of communism or Luddism, in the late 1980s Greenpeace had also

begun quietly working with some of the more progressive sectors of business on technologies to dramatically reduce pollution.

In Germany, Greenpeace had begun this new strategy by supporting the development of an existing refrigeration technology which could replace the dominant market technology which depended on ozone-destroying CFCs. By the mid 1990s, the hydrocarbon-based "Greenfreeze" technology developed for Greenpeace became the market leader in the EU. Similarly, in Australia, Greenpeace anonymously entered a public competition for design of an Olympic Village, which would form the basis for Australia's bid for the 2000 Olympic Games. The Greenpeace 'greenprint' was one of three winners, and went on to form the basis for the successful Australian bid to host the summer 2000 Olympics.

In the climate change context, based on the analysis above, in 1991 Greenpeace decided to reach out to sectors of the for-profit community which stood to lose, or gain, from climate change, and to encourage their representation in the on-going debate.

IV.1 Broadening the Debate : Engaging the Financial Sector

Greenpeace's analysis of the situation in 1990-91 suggested that many sectors of business were likely to be negatively affected economically by climate change over the longer term. These sectors - which included tourism, agriculture, water, public health, and the financial markets - were all pointed to in the work of the UN's expert science panel on climate change, the IPCC.

The insurance and banking community appeared to Greenpeace to be the most attractive potential partners for four reasons.

Firstly, the finance sector, and in particular the insurance industry, was experienced in assessing risk. It engaged its own experts and sought dispassionate, independent, scientific and actuarial opinion. As early as 1989, the reinsurance firm Swiss Re had concluded that there was "a significant body of scientific evidence indicating that (the record insured loss in 1988) was not a random occurrence. Instead it may be the result of climatic changes ...".

Secondly, banks, pension funds and the insurance industry stood to lose directly from climate-driven disasters. A suite of dramatic climate events and environmental disasters in the late 1980s and early 1990s had already hit the world's largest insurance companies hard, and sensitised them to the prospect of incurring more regular large-scale losses. The implications

of increasing premiums, seeking government bail-outs, or withdrawing from markets, seemed equally unappealing.

Third, in what seemed an increasing policy contradiction, insurance companies and banks were large-scale investors in oil and coal companies. They had the power both to impact the fossil fuel industry (by disinvestment), and the renewable energy industry (by investing in them).

Lastly, neither the insurance sector nor the banks had taken a public profile on the climate issue, even though some were known to be monitoring the IPCC and FCCC processes.

For these reasons Greenpeace decided to take the initiative of engaging this sector of the for-profit community in the international negotiating process.

IV.2 Steps along the road

Prior research on the insurance industry had already confirmed that some leading insurance companies had already begun assessing the scientific underpinnings of climate change, and evaluating the risks for their business. In this process, Greenpeace was able to identify those companies which might be more receptive to dialogue.

In 1992, following signature of the FCCC, and after introductory correspondence initiated by Greenpeace, the head of Greenpeace's climate science team, Dr Leggett, himself a member of the IPCC process and editor of a best-selling book on climate change, held meetings with several leading reinsurance companies to share assessments on climate science and its implications. These included Munich Re, Swiss Re and Lloyds of London.

Preliminary contacts – either at senior scientist or executive level - indicated that the insurance industry understood the potentially catastrophic economic implications of, for example, increasingly frequent extreme weather events. Interestingly, independent scientific assessments commissioned by insurers appeared to support NGEOs concerns regarding the seriousness of climate change.

A parallel initiative by UNEP, commencing in 1992, to encourage the financial sector to integrate environmental considerations into all aspects of their operations also suggested that the time was ripe for engaging the more progressive banks and insurance companies in a more specific dialogue.

During the course of 1993 and 1994, Greenpeace expanded contacts with representatives of the insurance industry in Europe, the USA and Japan, exchanging views on climate science and encouraging their participation in the newly commenced round of negotiations on a protocol to the FCCC, aimed at defining specific targets and timetables for the reduction of greenhouse gas emissions on a country-by-country basis. As insurance associations in Europe and North America were beginning to convene meetings specifically to discuss the risks of climate change, Greenpeace - renowned for its expertise and views on the issue - was invited to address a number of these.

Flowing from their own reviews of the climate convention and science, a number of the largest European re-insurance companies begin to take a public profile on the issue. In a media release in April 1993, Munich Re called for "urgent & dramatic measures" by governments to meet threatened climatic changes. Swiss Re, for its part, publicly acknowledged that recent insurance losses had been in part due to the human-enhanced greenhouse effect. The President of US Reinsurance Association also made a series of public statements supporting action to halt climate change.

NGEOs were certainly not alone in the effort to widen the dialogue. Within the UN system, various specialist bodies were convening regular meetings on the climate issue and its various ramifications. Surprisingly, however, the traditional economic and financial bodies were giving less attention to the issue, and provided no formal structure for direct and open participation by the financial sector. Noting this opportunity, the UN Environment Programme (UNEP) had initiated a series of high level contacts with the banking and financial sector, beginning in 1992.

This led to a Statement by Banks on the Environmental and Sustainable Development in 1992, which called on the financial sector to integrate environmental considerations into internal banking operations and business decisions. Subsequently, UNEP decided also to host a series of round-table meetings to exchange perspectives on environmental management.

The first of these was held in September, 1994. Although not specific to the climate issue, UNEP succeeded in bringing together 45 representatives of major banks and insurance companies. Greenpeace, one of three NGEOS invited to participate in recognition of its own work in the field, welcomed the initiative and highlighted the risks which it perceived in relation to climate change.

As a further contribution to the debate, in late 1994 Greenpeace released an independent study which it had commissioned on the market implications of climate change.

In the report, the UK-based Delphi consultants group concluded that financial markets were overlooking climate change and related social and environmental issues as a factor in assessing long term share value of fossil fuel companies. Greenpeace circulated the report widely within the financial community, seeking comments and reactions.

During 1995 a number of public statements were made by the banking and insurance industry in support of action to halt climate change. The British Bankers Association, for example, noted that "there are already parts of the world which are uninsurable due to the climate change phenomenon", and added that "international banks are becoming convinced that the world faces serious changes to its climate, with equally serious economic consequences".

On eve of the 1st Ministerial Conference of Parties (COP) in Berlin in April/May 1995, and for the first time in the climate debate, high level representatives of the insurance, banking and pension fund sector, and from the solar energy industry , made public their collective concerns about climate change at a seminar hosted by Greenpeace. At the seminar, leading figures from the insurance and banking world highlighted what they saw as the serious economic and societal impacts of human-induced climate change and urged effective government measures. Some went so far as to suggest disinvestment in fossil fuel companies, and mandatory health-hazard style warnings at petrol stations.

Widening its dialogue, Greenpeace had developed parallel contacts with manufacturers of solar photovoltaic (PV) panels from 1994. The objective of these contacts, along with other contacts in the renewable energy sector, were aimed at encouraging manufacturers to assess future market opportunities for all energy forms which avoided production of greenhouse gases. According to *Worldwatch* data, the manufacturing costs of many renewable energy technologies was falling progressively, and manufacturing expanding, bringing closer the day when renewable energies could provide most of humankind's energy needs.

During 1995 and 1996 Greenpeace hosted the first ever trilateral relationships between manufacturers of solar energy technologies, banks and insurance company representatives, and environmental groups. High level one day conferences were organised in Washington, New York and Oxford, England. The last of these, held in December 1996, was attended by over 70 CEO and director level representatives of the financial community and PV energy companies. The agenda covered the risks of climate change, the potential contribution of solar PV technologies, and how financial flows could be directed to the solar power sector.

Participants noted in particular the fact that governments were poised to decide on CO2 emission reduction targets and timetables, and that renewable energy would play an important role in enabling countries meet these targets.

In parallel with these initiatives, Greenpeace also worked closely with insurance companies and banking institutions in developing a book which analysed the potential financial implications of climate change. Published in 1996, '*Climate Change and the Financial Sector*' provided a range of perspectives from within the financial community on the greenhouse issue, and widened audience within the for-profit sector further.

In December 1997 over 200 representatives of the insurance and banking community attended the Kyoto Climate Summit, at which governments reached agreement on the first specific, legally-binding, reductions of greenhouse gas emissions. At a press conference held on the eve of the Ministerial Conference, representatives of several major insurance companies highlighted again for politicians the high economic costs of more severe weather events triggered by global warming, and threatened disinvestment in fossil fuel companies.

How far the views of the financial sector were a factor in the final decision taken by governments at Kyoto remains unclear. The undertaking, however, by OECD governments was consistent with the views expressed by many insurance companies and banks. That these views were most often expressed in forums provided by Greenpeace, rather than one organised by government actors or international economic agencies, is also noteworthy.

Subsequently, the insurance community remained engaged in the post-Kyoto process. In November 1998, executives speaking on behalf of about 80 insurers called on governments meeting at Buenos Aires to introduce market incentives to reverse climate change trends, and to recognise that as a \$2 trillion industry, the concerns of the insurance sector should not be ignored. They noted that the industry had suffered from a series of "billion dollar" storms since 1987, which had led to a strong increase in claims. Property insurance in particular had been affected, and climate-related changes in human health could affect the life insurance and pension industries.

V. LESSONS LEARNED

The network described above can be split into two phases. In the first, or establishment, phase (1991-1995), Greenpeace took the lead in bringing the various actors together. During the second phase (1996- present), other players, specifically the insurance companies themselves and UNEP, took leadership roles.

In large measure, the Greenpeace initiative with banks and the insurance sector achieved its main objectives. New actors, sharing and adding to NCEO perspectives, were engaged in the process, and added their expertise and political weight.

Key elements for the success of the initiative were, by Greenpeace's assessment, the following:

Leadership: Despite its not-for-profit background, Greenpeace was able to provide credible leadership on the issue in the first phase. In large part this was due to careful selection of its team leader, Dr Leggett. Dr Leggett, whose background included a PhD from Oxford and a period as a fellow of Imperial College London, was a widely published scientist with a detailed knowledge of the climate issue. Although not widely-publicised, Greenpeace also had a record of discreet and effective high-level government contacts. Moreover, because Greenpeace assumed a relatively low public profile on the initiative, and respected the positions of all its corporate partners, the latter were able to quickly develop a high degree of confidence in the process.

This enabled also for-profit participants to assume a leadership role themselves in the second phase, as was evident from the fact that between 1995 (Berlin) and 1997 (Kyoto), the for-profit sector essentially maintained the network on climate issues.

Framework: The process Greenpeace initiated in the first phase worked precisely because it was an informal and flexible framework, without legal status or constitution. The network was a loose affiliation of companies sharing a common concern, but provided great flexibility in what individual members could do or say. This also assisted in building trust and confidence between the participants. In a real sense, Greenpeace acted as simply a catalyst for detailed discussion of the issue, and provided a forum from which to address governments and the media, without the restrictions of the formal negotiating process itself. A formal framework would probably have discouraged wide participation.

It was, however, essential to the Greenpeace initiative that a formal tri-lateral network was already in place (i.e. the inter-governmental climate change negotiations), which enabled

officials and members of the for-profit and not-for-profit to share perspectives. In this sense, the Greenpeace initiative was designed to bring to the table a set of interests, perspectives and expertise which governments and international organisations had failed to notice or attract.

Focus: By general agreement, the focus of attention of the network in the first phase was to contribute to the climate negotiations. As noted below, the further evolution of the network has widened the focus and participation to a broader sustainability agenda.

Participation: The process worked because it relied on voluntary participation by those companies with the greatest interest in the issue (i.e. financial, re-insurance) and the greatest margin for manoeuvre. From a geo-political perspective, the more ready participation by European companies probably mirrored the higher level of public and official concern in that region at the time than in, for example, the United States. European companies were not under pressure, to the same extent as their US counterparts, from the fossil fuel producers to make their views public.

The absence of Southern participation in the process at the time reflected several dynamics. Firstly, since the majority of greenhouse emissions originated historically and currently from Northern countries, there was neither the official nor commercial level of interest in any action by Southern governments and companies in advance of their Northern counterparts. For the same reason, there was less public pressure on banks and insurance companies in the South. Finally, the structure of the insurance industry is such that the re-insurance sector of the industry, which took the lead, is limited to a relatively small number of mainly Northern companies who represent a wider perspective, obviating the need for smaller domestic firms to be represented directly.

In the longer term, however, Southern participation by this sector seems inevitable, since no one country or company will be able to insulate itself from the economic and social impacts of climate-change induced events.

The fact that banks and insurance companies joined in the Greenpeace process may have reflected a concern that their voices were not being given adequate attention within the formal negotiating process, either at the level of national delegations, or in the relevant international fora. It may also have reflected a desire to avoid the style of aggressive, confrontational politics being pursued by lobbyists representing the fossil fuel sector in the formal negotiations.

As between the participants themselves, there was a rough symmetry of powers : the for-profit sector participants had clearly defined shared commercial and public interests, while Greenpeace's role was that of a facilitator.

The rationale of the process was based on assessing the viewpoints of a specific sector of the for-profit community. For this reason, Governments and international organisations were not invited to contribute.

Legitimacy: for-profit participants were all high (mainly executive) level representatives of banks and insurance companies. This gave them authority and credibility in the eyes of officials in the wider formal process. The financial interests represented (a trillion dollar industry) ensured that the network was widely seen as broadly representative.

Sustainability: The network initiated by Greenpeace was never designed to be a long-term, self-sustaining structure. By its nature, it was intended as an ephemeral process, aimed at catalysing wider debate and recognition of the climate change issue. That the industry itself assumed leadership from a certain point was both desirable and appropriate.

During the second phase (i.e. 1996- present), both the leadership and the focus of the network evolved. Strictly speaking, this is a 'network' in name only, and consists of several separate initiatives or strands of work, some of a quite informal nature, sharing a common interest in promoting a cleaner environment through use of market mechanisms.

As noted above, climate work continued through until 1997, where the insurance industry and banking sector provided the leadership and initiative through until the Kyoto Climate Summit. At this stage, Greenpeace was no longer formally involved in the process : it had become an industry forum.

The heirs and successors of the first network continue in various forms.

Most of these are no longer intended to identify and agree on the magnitude of specific environmental problems. Rather, they are designed to develop criteria and processes for responding to environmental problems in ways which best utilise the respective strengths of the for-profit and not-for profit sectors. They reflect, among other things, a widely held view that market mechanisms and for-profit actors can move more quickly and creatively than on-going inter-governmental processes.

Perhaps the best example of the on-going tri-lateral work is the UNEP Financial Institutions Initiative (FII), which has active participation of banks, insurance companies and investment houses. Under the aegis of UNEP, financial institutions are invited to sign on to a

set of general environmental principles and commitments which they undertake to apply to their internal and external practices. Annual meetings are held which seek out new for-profit participants, and government and NNGEO participation is welcome. For reasons which are not well understood, there is only a low level of government participation in this network, and only limited interest shown in this initiative by traditional economic organisations and agencies (e.g. World Bank, OECD).

The UN Commission of Sustainable Development process has also encouraged trilateral dynamics in its annual sessions, specifically by hosting sessions involving the for-profit and not-for-profit sectors in sectoral sustainability debates (e.g. on tourism).

Other not-for-profits have also taken initiatives to engage the for-profit sector, although not specifically on the climate issue. These include the work of the Boston-based Coalition for Environmentally Responsible Economies (CERES) which is developing a set of sustainability indicators for industry.

Increasingly, too, for-profits are hosting (usually *ad hoc* and issue specific) meetings or dialogues involving actors from the not-for-profit and for-profit sectors, aimed at reaching common understandings on a range of issues.

RECOMMENDATIONS

Based on its experience in the climate change and other contexts, Greenpeace would recommend the following action by governments.

Problem Identification Phase (i.e. “is this an important issue? Who is/will be affected, and how?):

- a) Ensure that mandated intergovernmental fora are constantly sensitive to inputs from all potential sources, including the not-for profit sector, in relation to the identification and verification of specific environmental problems. Over the last decades, NGEOs have demonstrated a high degree of accuracy in picking up, and amplifying, signals from the scientific community on environmental problems. In so acting, they have filled the *de facto* role of an unpaid ‘shadow’ public service, helping governments and international agencies with the provision of data, and technical and policy advice. *This role should be formally acknowledged, and given the dignity and support it merits.*
- b) If no fora exist to review the data, establish a forum or extend the mandate of an existing organisation as quickly as possible (e.g. The UN Intergovernmental Panel on Climate Change). Ensure early and full coordination between existing agencies, with a clear mandate given to ONE of these for overseeing the process. This includes the responsibility for defining, transparently, who does what, when, and with whom, in order to facilitate public understanding of and contribution to the process.
- c) Ensure that not-for-profits are given full and early access to the process, with participation based, *inter alia*, on demonstrated expertise and capacity on the issue, commitment to participation and engagement, and breadth of representational base.
- d) Ensure that representation of the for-profit sector is balanced, and reflects the realities of evolving technologies, markets and economies. This would mean that at the minimum, participation by all those sectors which claim a capacity to identify or quantify the problem identified are given equal representation to representatives of the businesses whose activity or product is thought to be the source of the problem. Ideally, responsible intergovernmental organisations should actively seek out and facilitate the participation of such for-profit companies or bodies, thereby optimising the prospects of an effective process.

Problem Resolution Phase: (i.e. given the nature of the problem, how do we best respond?)

Essentially this is the same process as described above, but with a specific mandate for finding the solutions to the problem.

This phase will be characterised by a series of mandated and voluntary initiatives involving interaction between actors in government, the for-profit and not-for-profit sectors.

In the case of d) above, the lead intergovernmental agency would ensure that the for-profit sector is well represented by those solution-oriented businesses which can bring to the table the various technological, market and financial skills required for the resolution of the problem identified. These may be either transnational corporations, or bodies representing small and medium sized businesses.