Voluntary action
Finding its role in the Paris Agreement

ICROA workshop on scaling voluntary action within the framework of the Paris Agreement

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Diverse NDCs in a new Paris world

**NDC scope with economy-wide target.** Host country is responsible for emission reductions across all emissions sources (86% of global emissions)

**NDC scope with sector or action-based targets.** Some emission left outside the NDC scope and host country do not need to show emission reductions (12-14 % of global emissions in 2030, mostly in China and India)

Other variations include the metric (GHG or otherwise), absolute vs relative to BAU vs intensity vs peaking year, timeframe, coverage of gases etc
• Host country NDCs mean they will be cautious on what emission reductions they allow to be transferred out of the country
  ◦ Volume concerns – reductions needed for its own NDCs
  ◦ Quality concerns – reductions must be real and lasting, or its emissions will not be lower, leading to difficulties in achieving NDCs

• (Limited) scope remains for offsetting-style voluntary action
  ◦ Within NDC sectors but beyond the NDC pledges
  ◦ Outside NDC sectors where no NDC obligation has been made

• Both categories should get smaller with “progressive” NDCs

• Voluntary offsetting may be outside the investor country NDC
  ◦ Would also not contribute to the investor country’s NDC
  ◦ Emission reductions (credits) should be cancelled
  ◦ Frameworks to promote such action clearly increase ambition

• Article 6.3 authorization needed if used in investor country NDC
Non-offsetting voluntary action

• 129 countries include NDC pledges that are “conditional” on support received from other countries

• Voluntary action can still support this, with no credit transfer
  ◦ Emission reductions used towards the host country NDC
  ◦ Credits anyway not needed for investor country compliance purposes
  ◦ Non-compliance market investment can still demonstrate CSR goals, as long as reductions are real and lasting
  ◦ Alternatively, credit sharing agreements could be reached

• What incentives?
  ◦ Private sector: CSR, potential credit sharing
  ◦ Host country: investment, finance blending, sustainable development

• Does it increase ambition? Maybe, if no other conditional support

• Is it cooperation (Article 6) or climate finance (Article 9)? Or both?
• Value in using frameworks, as shown in Kyoto days
  ◦ Existing “voluntary market” standards (these can supply compliance markets and NDCs if authorized under Article 6.3)
  ◦ Article 6.4 crediting mechanism
  ◦ Crediting mechanisms that may be established under Article 6.2
  ◦ UN Sustainable Development Goals offer a consistent framework
• Cooperation and promotion through national authorities and local partners (not a one-way transaction)
• Article 6 “corresponding adjustments” needed where transfers are made AND these count towards the investor country NDC
  ◦ Expect a universal accounting approach not specific to programmes
  ◦ But are transfers and NDC use requirements for voluntary action?
• The world of voluntary action has changed, but remains, and is arguably enhanced as a component of climate finance

• Need to be aware of NDCs
  ◦ Scope and degree of NDC pledges
  ◦ Clarity on the boundaries of unconditional and conditional action
  ◦ Expected future evolution in the NDCs of host countries

• If CSR can operate without transfers
  ◦ Can still publicize impact on host country emissions, in cooperation with host countries, as long as these are real and lasting
  ◦ Competition for emission reductions need not arise
  ◦ Risk of double counting only if credits count in investor country NDCs

• Need added emphasis on sustainable development benefits, with consistent framework of the UN Sustainable Development Goals
Data sources

Categorisation of INDCs in the light of Article 6 of the Paris Agreement (Graichen, Cames and Schneider, 2016, German Emissions Trading Authority)

Environmental integrity under Article 6 of the Paris Agreement (Schneider, Füssler, La Hoz Theuer, Kohli, Graichen, Healy, Broekhoff, 2017, German Emissions Trading Authority)