



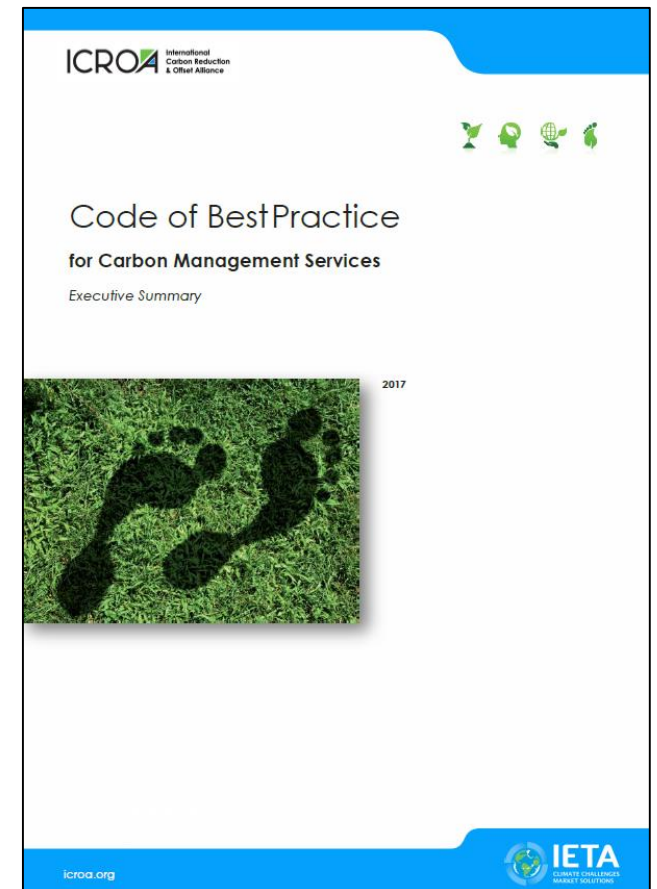
COP23
Bonn, Germany
10th November 2017

Pathways to increased voluntary action by non-state actors

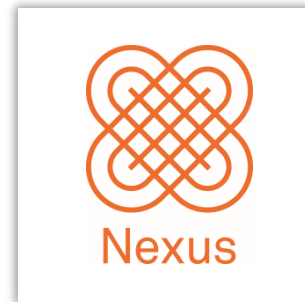
What is ICROA?

“The International Carbon Reduction and Offset Alliance (ICROA) is an international industry association housed within IETA”

- ICROA's primary aim is to deliver quality assurance in carbon management and offsetting, through adherence to the ICROA **Code of Best Practice**
- ICROA ensures **credibility and quality** for corporates using voluntary carbon offsets to reduce their greenhouse gas emissions
- ICROA provides a **unified voice for the voluntary carbon market**

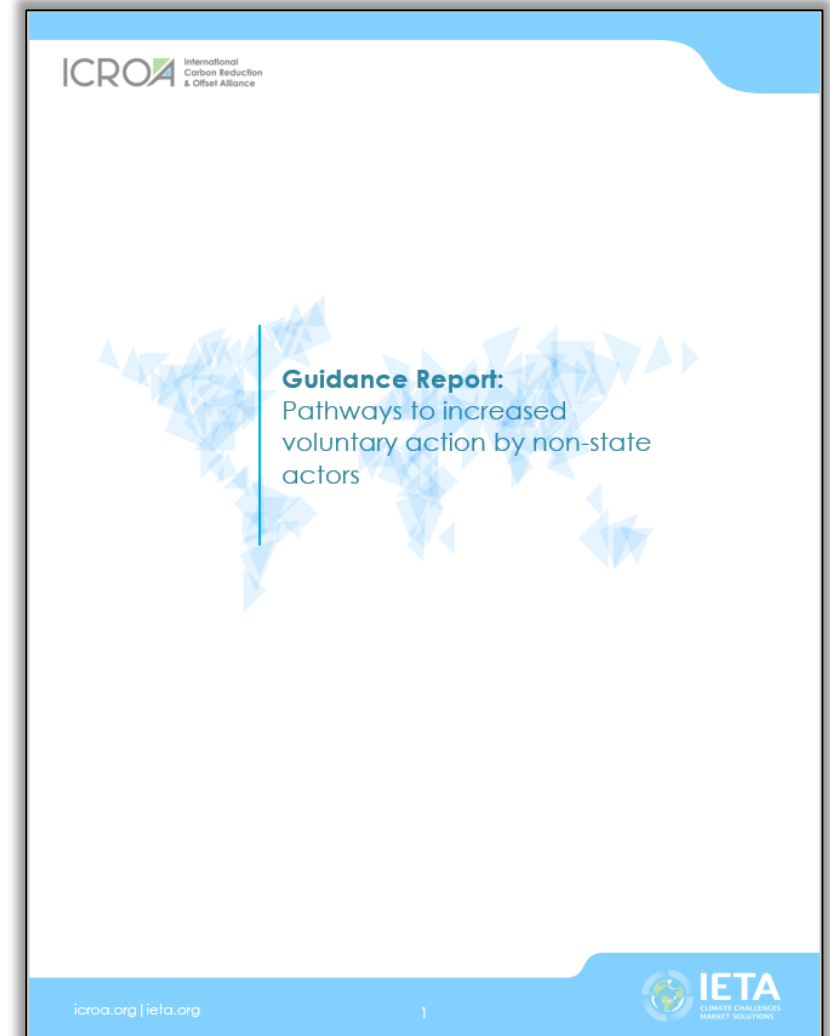


Our Members are leading global service providers



Securing a role for voluntary action in a post-Paris world

- We are positioning voluntary action as a means to raise ambition under the Paris Agreement
- We have developed guidance which sets out 3 models for how the market could function under the Paris Agreement
- Our longer-term ambition is for our guidance to be widely supported and actioned by Parties and the private sector



Closing the ambition gap

- To help close the ambition gap, it is vital that voluntary action plays the fullest role possible
- To achieve this, it is important that the differences between regulated and voluntary action are recognised and addressed. Specifically:

Voluntary action scales when the rewards to those taking action are explicit and meaningful

Voluntary action needs to be measured, reported and verified in order to deliver environmental integrity, which is of paramount concern to those taking action.

Guiding principles for voluntary action

To inform and ensure alignment between the emerging arrangements under the Paris Agreement, we offer the following four guiding principles for voluntary action which:

1

Should be complementary to policy and regulation under the Paris Agreement and focused on raising ambition

2

Needs to be encouraged, recognised and rewarded to realise its full potential

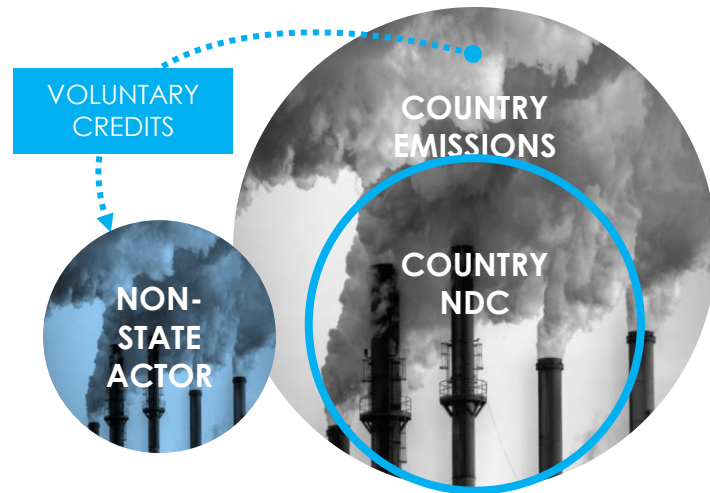
3

Must be reported openly and transparently to ensure the highest possible standards of integrity

4

Needs sound governance, particularly because it operates outside of compliance systems

Non-NDC crediting model



Pros

- Extension of current practices
- Attracts finance to uncovered sectors, delivering emission reductions which otherwise would not occur
- Could support the transition to economy-wide NDCs

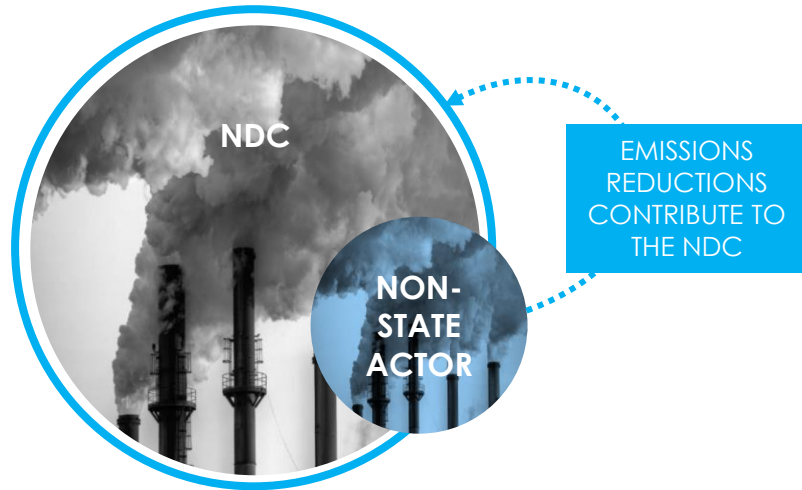
Description

- Voluntary market mechanisms continue in non-NDC parts of economies where non-state actors generate voluntary credits
- This model would be similar to the current voluntary carbon market arrangements

Cons

- Restricts credit generation supply pipeline
- Unlikely to be sustainable in the long term, due to requirement to move towards economy-wide NDCs

Financing Emission Reductions model



Pros

- Simple solution to the double counting challenge
- Helps deliver the NDC targets

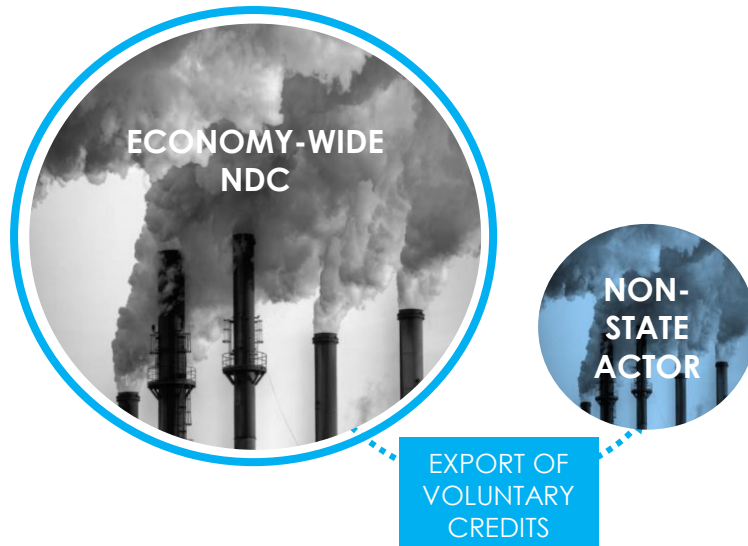
Description

- Emission reductions financed by non-state actors contribute to the host country's NDC
- Buyers can make finance related claims
- This model could potentially apply to any NDC, economy-wide or non-economy-wide

Cons

- This approach could not be used for carbon neutrality purposes
- Buyers could not make claims related to the emission reductions, but only the financing

NDC crediting model



Pros

- Enables voluntary offsetting within the Paris Agreement architecture
- Buyers can make environmental claims, such as carbon neutrality
- Emission reductions go beyond NDCs, thus helping to close the ambition gap

Description

- Article 6.4 units are generated in NDCs and exported from the host country, according to Article 6 accounting rules
- The units are voluntarily purchased and retired by non-state actors
- Emission reductions do not contribute to the delivery of any Party's NDC

Cons

- Requires Parties to allow the development of Article 6.4 projects, and for the units to be exported to non-state actors

International voluntary market account

Units generated under the NDC or non-NDC Crediting models would be displayed here

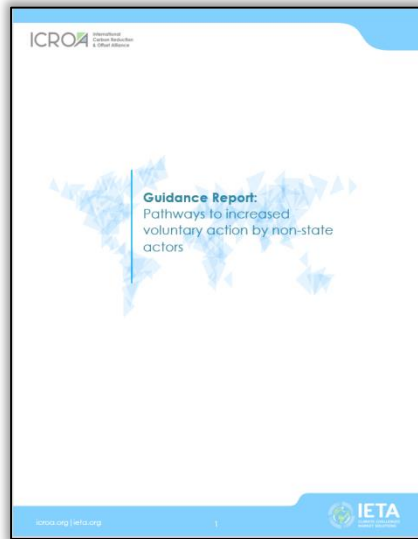
Units generated under the Financing Emission Reductions model would be displayed here

Voluntary account	Units retired and type	
	Carbon credits	Finance units
Entry 1	20	20
Entry 2	30	35
Entry 3	10	15
.....
Voluntary market total	100	80

- An international voluntary market account will help manage the added complexity from the implementation of the NDCs
- It could act as a central data source to show which companies are taking voluntary action, and how much and what type of units they are retiring
- It could build on present day examples such as the CDM registry, or the NAZCA platform.
- It could also help manage claims made by non-state actors taking voluntary action

Conclusions

- ICROA is working to **secure a role for voluntary action in a post Paris world**, and we are positioning it as a means to raise ambition
- We need the UNFCCC and Parties to **develop robust rules for Article 6** to allow the international transfer of mitigation outcomes with high environmental integrity
- This will go a long way to support continued voluntary action, but it won't **deliver private sector investment in mitigation at the necessary scale**
- For this, we will need **meaningful incentives, excellent governance, and efficient processes**
- This is the key area of focus for ICROA, and we need to **work with other organisations** to secure a role for voluntary action under the Paris Agreement



Simon Henry

Programme Director
International Carbon Reduction
and Offset Alliance (ICROA)

IETA Secretariat
T: +41 (0) 2273 70507
E: henry@ieta.org
W: www.icroa.org

The guidance report can be downloaded
from IETA's Article 6 portal:
www.ieta.org/Article-6-Submissions-Portal

Moderated discussion

14.45 - 15:20: Topic 1

What incentives and reporting frameworks are needed to scale voluntary action to the levels necessary to start closing the ambition gap in the Paris Agreement?

Interventions:

- Alberto Carrillo Pineda: Director Science Based Targets & RE100 at CDP
- Noam Boussidan: Project Lead, Climate Change Initiatives at the World Economic Forum

Moderated discussion

15.20 – 15:55: Topic 2

What measures, infrastructure and governance are needed to enable the finance and supply of mitigation and SDG outcomes in a post-Paris world?

Interventions:

- Rajesh Sethi: Manager, UNFCCC & Secretary to CDM Executive Board & JISC
- Renat Heuberger: CEO, South Pole Group