

Making safeguards and sustainable development an integral part of carbon markets

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Promoting Sustainable Development through testing of tools and approaches in Article 6 pilots

Sven Braden, Independent Consultant

With Karen Olsen, Senior Researcher, UNEP DTU Partnership and Marion Verles, CEO, Gold Standard from the Sustainable Development Initiative (SDI) on Implementation of Article 6 of the Paris Agreement

Outline

1. Introduction

- Sustainable Development Initiative (SDI) workprogram
- SDI text proposals for COP25

2. Piloting of SD tools and approaches

- SD approaches assessment grid
- ETS linking case study

3. Partnerships for testing SD tools and approaches in Article 6 pilots

SDI workplan

GOAL: PROMOTE IMPLEMENTATION OF STRONG SD PROVISIONS IN ARTICLE 6 OF THE PA

WS 1 - Party
Driven
Dialogue

Roundtable discussions

Article 6 text recommendations

Knowledge sharing from testing & piloting (WS 2)

WS 2 - Piloting
of SD
approaches

Testing of SD approaches

Production of case studies and knowledge products

WS 3 -
Outreach to
relevant
carbon market
players

Dissemination of knowledge at relevant industry events

Partnerships building and regional groups to raise awareness

SDI text proposal for COP25

Article 6.2 – Focus on reporting:

- Ex-ante assessment and reporting of expected SD contributions of the collaboration;
- Periodic ex-post assessment and reporting of the SD contributions;
- Development of tools and approaches adapted to various types of collaboration (project level, sectoral level, policy level) **for voluntary use** to:
 - Support SD assessment and reporting towards nationally determined goals and priorities of host Parties;
 - Avoid/mitigate negative impacts.

SDI text proposals, Art. 6.4 (Focus on roles and responsibilities)

Participation requirements for host Parties:

- The confirmation of the host Party based on information made publicly available that the activity fosters sustainable development;

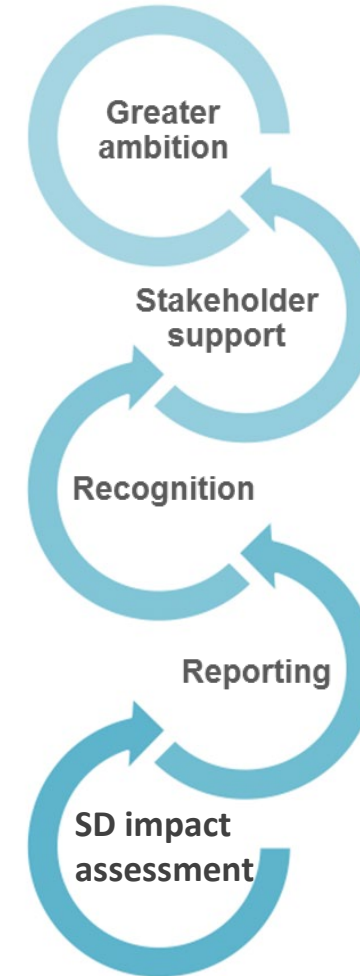
Facilitative role of the Supervisory Body mandated to:

- Foster knowledge exchange and support development of tools and approaches **(for voluntary use)** to facilitate SD assessment and reporting (ex-post, ex-ante) towards nationally determined goals and priorities of host Parties;
- Enable the development of nationally determined approaches for stakeholder consultations on sustainable development, a grievance mechanism and do-no-harm safeguards informed by international best practice.

Piloting of SD tools and approaches

Objectives of piloting

- To demonstrate through real life cases, that SD assessment can be implemented in a robust, yet practical manner and delivers multiple benefits to all players involved
- Piloting under workstream 2 supports text proposals (workstream 1)
- Promoting SD will deliver enhanced ambition for climate action



SD Assessment Grid

- Rationale:
 - Provide a simple grid to identify a SD approach suited to the needs of users
 - Allow for the benchmarking of SD tools, create the conditions for convergence and alignment around SD best practices
- Structure of the grid
 - It builds on the 6 high level options identified by the SD initiative in 2018
 - It provides a set of requirements to assess selected SD approaches (Yes / No)
- SD Approaches tested
 - Gold Standard for the Global Goals 'SDG Impact Tools'
 - UNDP SDG tool
 - CDM SD tool
 - ICAT Sustainable Development Methodology

SD Assessment Grid overview

Criteria	Summary of Main Requirements
Governance	National Prerogative Accessibility Decision making Baseline Verification Transparency
Safeguards	Generic requirements Specific safeguards (corruption, human rights etc) Activity specific safeguards
Stakeholder inclusivity	Opportunity for Stakeholders to engage Grievance / complaints mechanism
SD Impact Assessment	Intervention design principles Impact assessment approach
MRV and Claims Management	Ex-ante / ex-post Claims guidance and management Verification
<i>New</i> ETF relevance	Availability of data as required under ETF

SD Approaches Assessment – next steps

- Formulate recommendations to users on the basis of:
 - Intervention level (project / program / policy / sectoral / national)
 - Needs and expectations from SD perspective
 - Costs / benefits analysis
- Expand the list of SD approaches tested
- Final report due end of July

ETS linking case-study

- Objectives:
 - Assess the relevance of SD requirements in a linking context
 - Provide recommendations on how to strengthen SD provisions in **future** Linking Arrangements
 - Analyse the extent to which **current** Linking Arrangements integrate SD requirements

ETS linking – SD recommendations

- Preliminary results (in the context of Article 6.2):
 - Accountability of MO – implications for SD accounting
 - Recommendation that ‘double claiming’ in the context of SD benefits is not an issue of practical relevance, support credible MRV and transparent reporting as per Article 13 para 77 d
 - Recommendations on how to deliver on Article 6 obligation to promote SD:
 - Safeguarding principles adapted to address specific risks of ETS linking
 - Identification of typical SD benefits expected from linking + proposed indicators and monitoring approaches
 - Benefits associated with SD provisions in Linking Arrangements
 - Supporting National SD priorities (e.g. environmental and social co-benefits)
 - Serving Article 6 mandate
 - Public acceptance

Thanks!

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Karen Holm Olsen, UNEP DTU Partnership, kaol@dtu.dk

Sven Braden, Consultant, braden@climatefoundation.li

Marion Verles, Gold Standard Foundation, marion.verles@goldstandard.org