

# Sustainable Development Initiative (SDI)

## Promoting SD in the Implementation of Article 6 of the PA

5-6 March 2019, Glion, Switzerland

### Sustainable Development

Pilots: How can they inform development of the Art 6 rulebook?

Testing of Sustainable Development Approaches

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# Outline

- Climate Action that promotes / fosters SD - Examples
- Systematic Integration of SD into Climate Actions - Examples
- SDI – Work Program 2019
- Piloting of SD Approaches for Art. 6
- Anchoring SD in pilots

# Climate Action that promotes / fosters SD - Examples

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## Alignment of SDG Architecture

- 17 Goals with 169 targets and
- 149 agreed indicators (out of 229) to measure SD progress

# Climate Action that promotes / fosters SD - Examples



## Training of female Solar Engineers in remote areas of Latin America (ENEL and Barefoot college)

Project: **Electricity producer ENEL and NGO Barefoot College (India)**

Training woman how to install, operate and maintain solar panel systems in their local communities.

Users: People in remote areas

Goal: Improvement of gender equity and access to job opportunities

SDG Targets Addressed:



Source:  
**Mapping the Renewable Energy Sector  
to Sustainable Development Goals , SDSN et. Al. 12/2018**  
(not published yet)

# Climate Action that promotes / fosters SD - Examples

## Comprehensive recycling of PV modules in Malaysia, Germany and United States of America (First Solar)

Project: **Modul recycling program in PV industry operated by First Solar.**

The manufacturer of solar modules operates recycling facilities close to manufacturing sites in Malaysia, Germany and the United States.

The facilities produce laminate material, clean glass cullet, tellurium and cadmium products from recycled PV panels.

Users: PV Industry

Goal: Recapturing raw materials for the use in new products.



SDG Targets Addressed:



Source:  
**Mapping the Renewable Energy Sector  
to Sustainable Development Goals , SDSN et. Al. 12/2018**  
(not published yet)

# Systematic Integration of SD into Climate Actions - Examples

# Systematic Integration of SD into Climate Action – Examples (1)

**Gold Standard / UNFCCC Sec.:** Tool for non-Party stakeholders to evaluate the impact of their climate initiatives and their contributions towards the Sustainable Development Goals.

STEP 1 – Assess contributions of activity type and context

- Analyze key potential contributions that may arise
- Prioritize primary, significant impacts of the activity
- Examine host country SDG priorities - published policy & civil society

STEP 2 – Examine links to country SDG Priority Areas

- Use to refine impacts identified in Step1 and highlight top issues

STEP 3 – Investigate available country or sector data

- Assess what data the host will apply at national/sector level
- Compare/gap check with SDG indicators and propose project-level

STEP 4 – Clarify how project-level data aggregates

- Create a scoring matrix, underpinned by detailed reporting
- Individual reports aligned with sector and national reporting

STEP 5 – Review practicality

- Based as far as possible on existing approaches and data sets
- Create a simple and compelling tool dashboard



# Systematic Integration of SD into Climate Action – Examples (1)

## Case: Turkish Forestry

### Step 1: Select relevant goals and targets

Sustainable Development Goals	Activity Type						
	Afforestation / Reforestation		Improved Forest Management			Conservation	
SDG Goal	Timber Harvest	Conser- vation	Prevent loss of stocks	Increase stocks	Increase HWP	Conser- vation	Restoration
<b>SDG 1 - No Poverty</b>							
<b>SDG Contribution Identified:</b> Instigation or increase of smallholder income from forestry and forest products.  <b>Related SDG Target:</b> 1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions							
<b>SDG 6 - Water and Sanitation</b>							
<b>SDG Contribution Identified:</b> Water filtration - improved water quality and quantity outputs from forested areas.  <b>Related SDG Target:</b> 6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes							

### Step 2: Develop Monitoring Plan

<b>Contribution to SDG 8:</b> Enhanced quantity and quality of employment in forests and supply chains	<b>Related SDG Target:</b> 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
<b>Monitoring Indicator:</b>	SDG Adopted Indicator 8.5.2 Unemployment rate, by sex, age group and persons with disabilities interpreted as:  1 - Change in Nr or % gain/loss employment in the forestry sector including comparison to national indicators
<b>Potential methodology:</b>	Census, local survey or ORKOY benefits information
<b>Suggested Monitoring Frequency:</b>	Annual if possible, minimum 2-3 years otherwise
<b>Other Notes:</b>	None

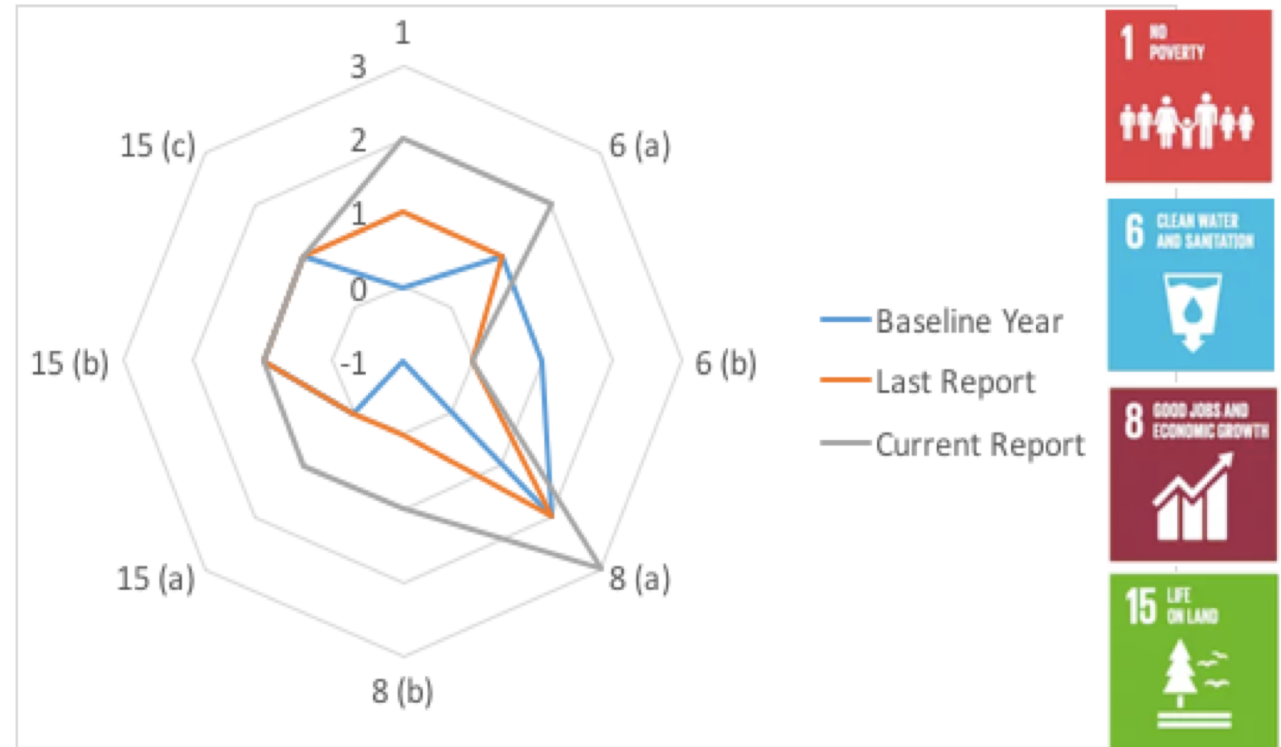
# Systematic Integration of SD into Climate Action – Examples (1)

Case: Turkish Forestry

Step 3: Score SDG contributions

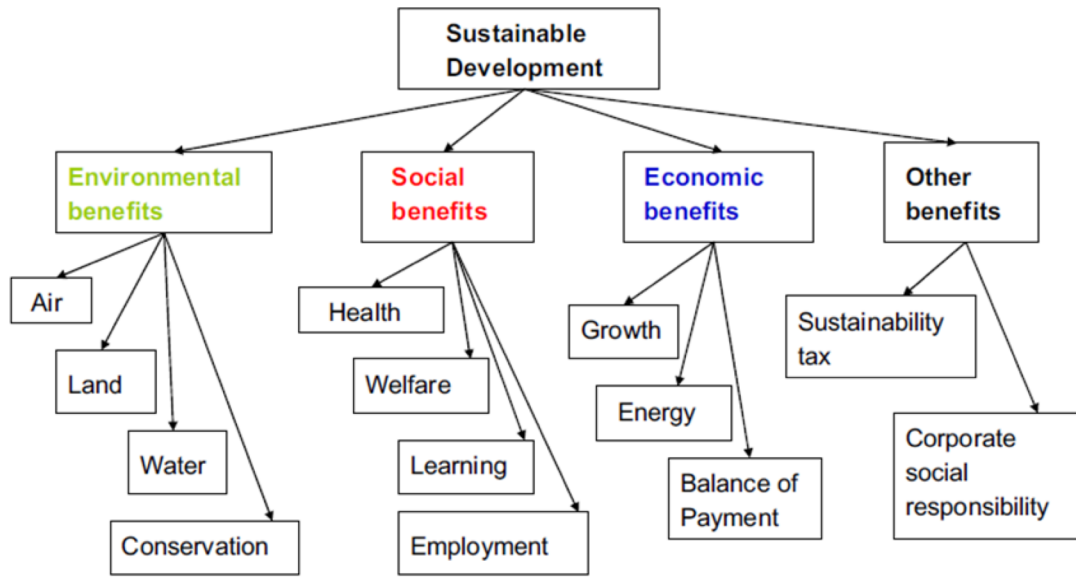
Score	Definition
3	Significant positive contribution across majority of forest activity area, no significant negative reports
2	Positive contribution across majority of forest activity area, no significant negative reports
1	Minor positive contribution, no significant negative reports
0	Neutral – no impact
-1	Some negative effects witnessed in areas – to be monitored and corrected
-2	Significant negative effects recorded – urgent action required

Step 4: Visualise SDG contributions

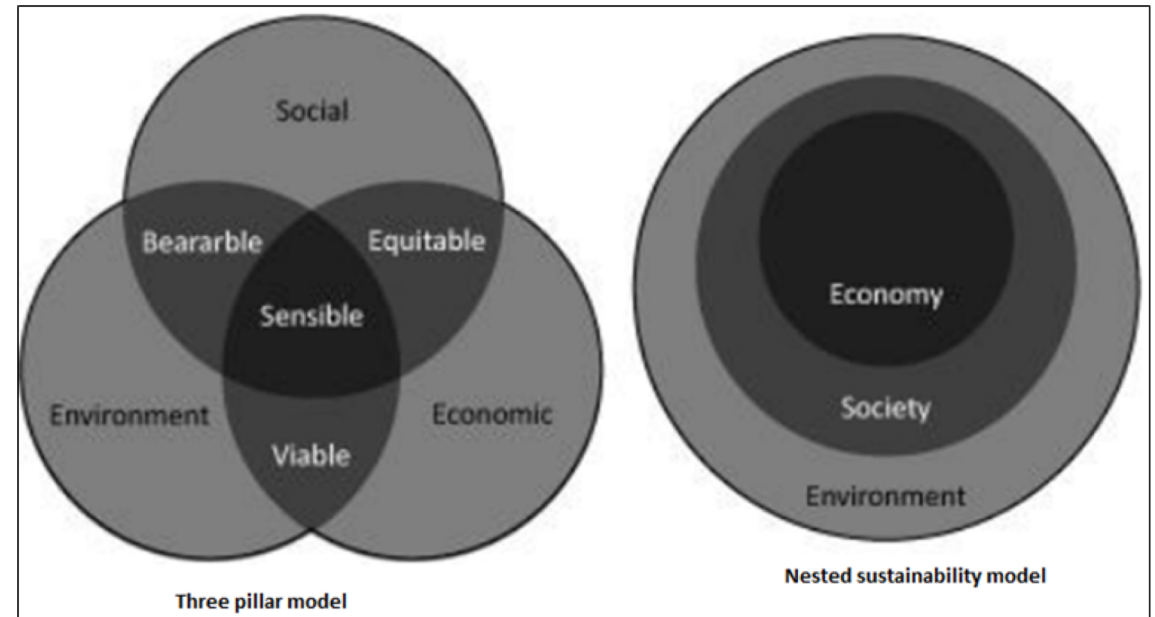


# Systematic Integration of SD into Climate Action – Examples (2)

Sustainability labelling for SD assessment of PoAs (from UNEP DTU pipeline data) within CDM



Identification of SD elements in CDM SD Tool's taxonomy



Nested approach to sustainability ranking

**Objective: Ranking of SD contributions provided by different types of Component Programme Activities (CPA)**

# Sustainability labelling for SD assessment of PoAs within CDM

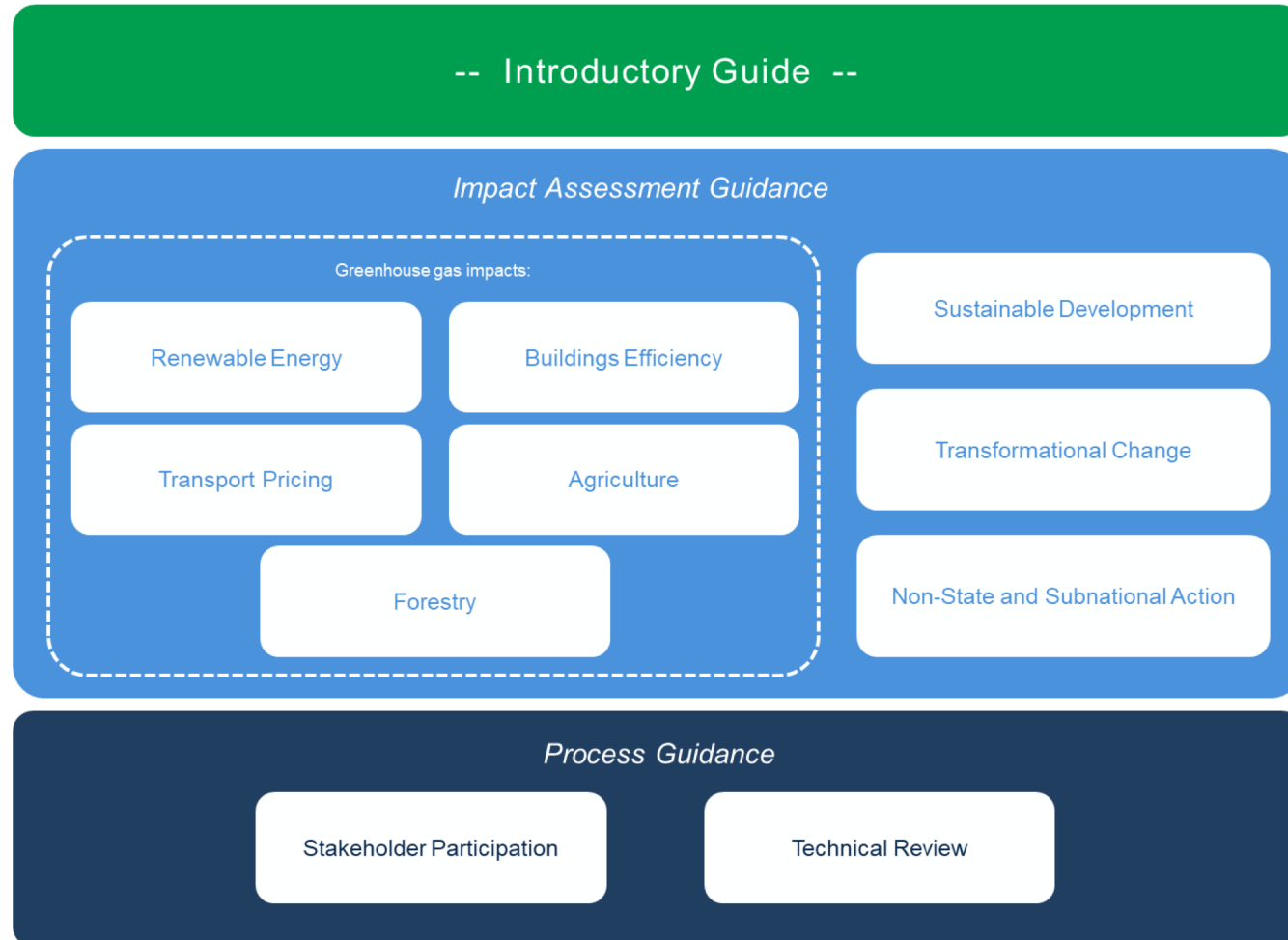
## - results of ranking by types of CPAs

SD dimension/ categories	Environmental score				Social score				Economical score				Total SD score with weight	Rank score	Label
	air x 0.52 *wc=1	land x 0.5	water x 0.5	conservation x 0.5	job x 0.32 *wc	health x 0.3 2*wc	education x 0.3 2*wc	welfare x 0.3 2*wc	growth x 0.15 *wc	energy access x 0.1 5*wc	Technology x 0.1 5*wc	balance of payment x 0.15*wc			
EE household	1	1	1	1	1	1	1	1	1	1	1	1	3.9	best	(4)☺☺☺☺
EE service	1	1	1	1	1	1	1	1	1	1	1	1	3.9		
Hydro	1	1	1	1	1	1	1	1	1	1	1	1	3.9		
Methane avoidanc	1	1	1	1	1	1	1	1	1	1	1	1	3.9		
Solar	1	1	1	1	1	1	1	1	1	1	1	1	3.9		
Landfill	1	1	1	1	1	1	0	1	1	1	1	1	3.8		
Biomass energ	1	1	1	1	1	1	1	1	1	1	1	1	3.6		
EEindustry	1	1	1	1	1	1	1	1	1	0	1	0	3.6		
Wind	1	0	1	1	1	1	1	1	1	1	1	1	3.4		
Energy distributi	1	1	1	0	1	1	1	1	1	0	1	1	2.6	Medium	(2)☺☺
Transport	1	0	0	1	1	1	1	1	1	1	0	0	2.2		
EE supply side	1	0	0	0	1	1	1	1	1	0	1	1	1.6	Low, minimum acceptable	(1)☺
Geothermal	1	0	1	0	1	0	0	1	1	0	0	0	1.7		
Coal bed/min	0	1	1	1	0	0	0	1	1	0	0	0	1.8		
Fugitive	1	0	1	0	1	0	0	0	0	1	1	0	1.4		
Fossil fuel	1	0	0	0	0	1	0	0	1	0	1	0	1.1		

Data: The present study uses the UNEP DTU Partnership pipeline as of January 2017, which includes 382 PoAs and 2097 CPAs.

# Systematic Integration of SD into Climate Action – Examples (3)

- the Initiative for Climate Action Transparency (ICAT) toolbox of methodologies



Source: ICAT  
<https://climateactiontransparency.org/icat-guidance/>

# Methodology for Sustainable Development

Methodology for assessing the environmental, social and economic impacts of policies and actions

Source: ICAT website <http://www.climateactiontransparency.org>

### **Part I: Introduction, objectives and key concepts**

Understand purpose and applicability of the guidance (Chapter 1)

Determine the objectives of the assessment (Chapter 2)

Understand key concepts, steps and assessment principles (Chapter 3)



### **Part II: Defining the assessment**

Clearly describe the policy or action to be assessed (Chapter 4)

Choose which impact categories to assess (Chapter 5)



### **Part III: Qualitative approach to impact assessment**

Identify specific impacts of the policy or action within chosen impact categories (Chapter 6)

Qualitatively assess each specific impact (Chapter 7)



### **Part IV: Quantitative approach to impact assessment**

Estimate baseline values for impacts included in the quantitative assessment boundary (Chapter 8)

Estimate policy scenario values for the same impacts (ex-ante) (Chapter 9)

Estimate policy scenario values for the same impacts (ex-post) (Chapter 10)

Assess uncertainty (Chapter 11)



### **Part V: Monitoring and reporting**

Monitor the performance of indicators over time (Chapter 12)

Report the results and methodology used (Chapter 13)



### **Part VI: Decision making and using results**

Interpret results, evaluate tradeoffs and decide which policies and actions to implement (Chapter 14)

# CASE STUDY

## SOLAR PV MINI-GRID FOR RURAL ELECTRIFICATION IN KENYA



### Baseline scenario

No modern electricity. Use of kerosene, batteries and generators



### Policy scenario

solar PV mini-grids with diesel back-up and battery



31,800 rural households & businesses

### Selection of impact categories

#### Environmental



#### Social

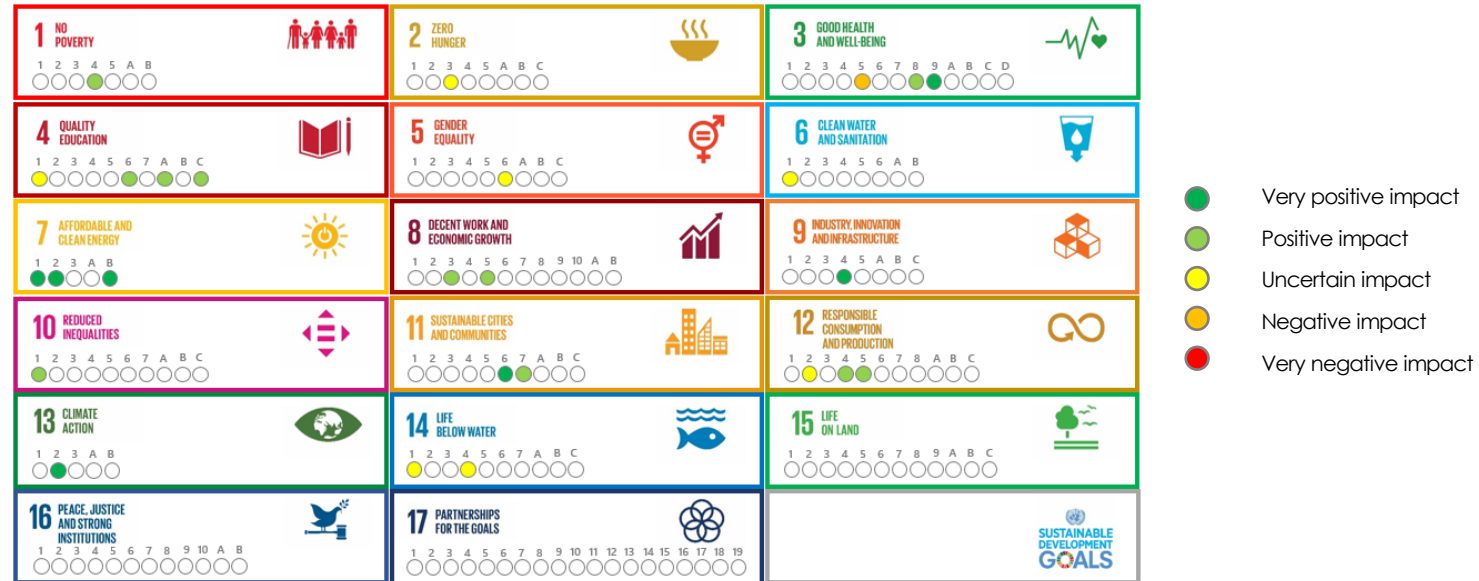


#### Economic





# How does the action affect the SDGs?



## How does the action contribute to NDC?

**0,7% of the NDC target**  
 But roughly 0,3% of planned electricity sector development

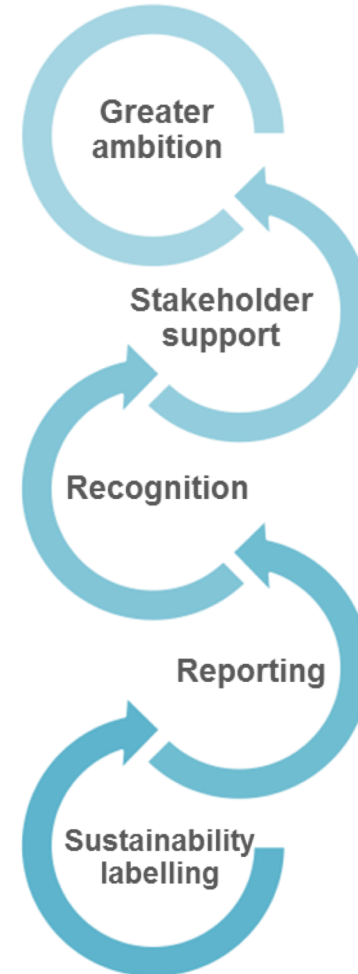


**Possible to see comprehensively how the action aligns with the Big Four Kenya development priorities and Vision 2030**

# Systematic Integration of SD into Climate Action

## Conclusion

- Mitigation activities can be assessed with regard to their contribution to SD
- Sustainability assessment can identify mitigation actions with the highest contribution to SD and support the overall objective of Article 6 mechanisms to promote SD goals



# Sustainable Development Initiative (SDI) Work Program 2019

# SDI – Work Program 2019

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## **GOAL: PROMOTE IMPLEMENTATION OF STRONG SD PROVISIONS IN ARTICLE 6 OF THE PARIS AMGREEMENT**

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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

# Piloting of SD Approaches for Art. 6

## Testing of SD Approaches

- Identification of Partnerships
  - with Parties that have started Art. 6 Piloting, and/or
  - with Parties that intend to use Art. 6 in future policy frameworks (as for communicated via support programs such as PMR)
  - with institutions that pursue similar efforts (e.g. ADB and its Article 6 Support Facility)
- Identification of opportunities to test implementation of existing SD tools (e.g. CDM SD Tool, GS SDG Impact Tool) with partners
- **Exploration of means** to make use of data generated / compiled by SD tools in order **to address ETF reporting obligations** of Parties (from project/program level to national reporting)

## Production of Case Studies and Knowledge Products

- Practicalities of implementing SD provisions in ETS Linking
- SD champions among CDM/JI Projects
- How pilots on SD approaches in Art. 6 activities can be implemented (2<sup>nd</sup> Half 2019)

# Piloting of SD Approaches for Art. 6

## **Key Questions for the Development of SD Tools in Art. 6**

How to reflect national SD priorities?

How to localize (and link) SD effects (and its parameters) to Art. 6 activities?

How to classify and rank SD benefits for SD prizing?

How to assign ownership to SD benefits?

How to aggregate SD data from activity / project level in a way that it can be used by national authorities to address reporting obligations under the ETF?

# Anchoring SD in Art. 6.2 pilots

Nature of 6.2 prevails that guidance has to be clearly and transparently operationalized at bilateral level.

Legal Framework	Tasks	Responsibilities
<b>Bilateral Agreement</b> between Host Country and Acquiring Party (and other participating Parties, where applicable)	<b>Determination by Host Country of SD Goals</b> to be promoted by 6.2 (by Host Country?)	Governments, National Authorities (e.g. SD priorities)
Cooperative <b>Executive Agreement</b>	<b>Formulation of SD Claims</b> (incl. indicators for SD Monitoring, e.g. baselines, project boundaries)	Project Developer, Private Sector Stakeholder, National Authorities
Authorization of Parties involved (Art. 6.3)	Confirmation that ITMO are used to achieve nationally determined contributions <i>(Confirmation that use of ITMO promote SD?)</i>	National Authorities
Monitoring / Assessment Report	Assessment of SD contributions	Project Developer
Submission of Biennial Transparency Report (Host Country)	Description of how corporative approach promotes SD in Host Country	National Host Authority
Submission of Biennial Transparency Report (Other Participating Parties)	Description of how corporative approach promotes SD in Host Country	National Authority of other participating Parties
Review of BTR	Review to be in line with ETF provisions	ERT

REVOLVING

REVOLVING

# Anchoring SD in Art. 6.4 pilots

Project Cycle	Tasks	Responsibilities
Project Idea Note (PIN)	<b>Identification of potential SD elements</b> considering national priorities	National Authorities (e.g. SD priorities) Project Developer
Project Idea Note (PDD)	<b>Formulation of SD Claims</b> (incl. indicators for SD Monitoring, e.g. baselines, project boundaries)	Project Developer
Validation Report (VAR)	Third Party Validation of accuracy of SD Claims and Monitoring approach	Auditor A
Authorization of Parties involved	Determination of voluntary cooperation	National Authorities
Registration		Supervisory Body
Monitoring Report (MR)	<b>Assessment of SD contributions</b> (e.g. Setting of Baselines)	Project Developer
Verification Report (VER)	Third Party Validation of accuracy of SD Assessment	Auditor B
Issuance of Asset	Linking Emission Reduction to promotion of SD (e.g. ER Vintage linked to SD contribution)	Supervisory Body / National Authority /Project Developer / Auditor (?)

REVOLVING

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# Thanks!

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