

SUSTAINABLE DEVELOPMENT

From Kyoto to Paris and beyond

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Why should UNFCCC negotiators care about the Global Goals? Why should we all move away from silo thinking and develop strategies that recognise the interconnected nature of development and climate change?

Put simply, why do we think of an improved cookstove initiative as a carbon project? Is it right to think of gender empowerment as a 'co-benefit' to climate mitigation?

Our mission at Gold Standard is to catalyse more ambitious action for climate security and the Global Goals. We create robust standards enabling bold commitments and translate these into real and verified impacts on the ground. This paper outlines our vision for how the Global Goals can be a lever for more ambitious climate action.

The year 2015 was a landmark year for climate change and sustainable development. It marks a beginning and provides a foundation for building a sustainable and climate secure future. There will be a before and an after as attitudes have now shifted from a focus on negotiation and planning to operationalisation and implementation.

In the Kyoto Protocol, sustainable development is mentioned three times. The concept is used to qualify the overarching purpose of policies and measures implemented by the Parties: “to promote sustainable development” (Article 2.1) and “to achieve sustainable development” (Article 10). The concept also qualifies the objective of the Clean Development Mechanism “to assist Parties [...] in achieving sustainable development” (Article 12). These provisions do not constitute an attempt to propose a holistic view of the development and climate challenges; rather, they provide reassurance to the Parties that climate mitigation efforts will not conflict with their development aspirations.

Sustainable development is mentioned twenty-two times in the Paris Agreement – six times in Article 6 alone - in various contexts, including the formal acknowledgment of the 2030 Agenda in the Preamble of the Agreement, the recognition of sustainable development “co-benefits” from mitigation actions (§109) and the recognition of the “intrinsic relationship that climate change actions [...] have with equitable access to sustainable development” (Annex Preamble).

Seventeen years after Kyoto, the Paris Agreement shows an evolution in the way sustainable development is perceived. It no longer safeguards against climate action as a potential obstacle to development. Today it represents the very vehicle by which development is ensured. In Kyoto, negotiators were concerned about the costs of climate action. In Paris, negotiators have moved toward seizing the potential of sustainable development as a lever to raise ambition.

This evolution has its roots inside and outside the UNFCCC process. Internally, two main drivers are the acute realisation of the CDM’s failure to deliver on basic sustainable develop-

ment expectations, such as protecting human rights, and the realisation that sustainable development co-benefits are powerful allies in unlocking funding for mitigation actions. Externally, the most powerful driver was the unprecedented consultation process and the following adoption of the 2030 Agenda for Sustainable Development.

Demystifying Sustainable Development

Although it’s difficult for outsiders to imagine at a time when sustainability strategies and sustainable lifestyles are a global trend among affluent populations, sustainable development has been – and still is – a sensitive and controversial issue. Why is it hard to agree on a principle to “meet the needs of the present without compromising the ability of future generations to meet their needs”? It seems like reasonable common sense.

Myth 1: A broad concept without clear definition

Critics argue that sustainable development means everything to everybody. The term has been used extensively by such a large range of people in so many different contexts and with varying degrees of commitment that it has lost its meaning. While the recent approval of the Global Goals provides a common reference framework and solves this issue in principle, critics cite the non-binding nature of the Global Goals and the lack of appropriate review mechanisms as major limitations. Indeed, these shortcomings may support the argument that the numerous mentions of sustainable development in the Paris Agreement are pure rhetoric without any real intent.

The reality is that while the Global Goals neither fit neatly in a perfect log frame nor a memorable round number, they unquestionably provide a much stronger reference framework than their predecessors, the Millennium Development Goals, for three reasons. First, they were designed through the most inclusive consultation process in human history, which attracted attention from high level decision makers and the private sector. Second, they



Paris Agreement Article 6 Sustainable Development Provisions

Article 6.1 sets the general principle that voluntary cooperation allows for higher ambition and aims to promote sustainable development and environmental integrity. Articles 6.2 and 6.3 establish a bottom-up mechanism whereby Parties can decide to enter into voluntary cooperation and transfer mitigation outcomes. The text clearly states that in doing so “Parties shall [...] promote sustainable development and ensure environmental integrity”. Articles 6.4 to 6.7 establish a centralised mechanism placed under the authority of the Conference of Parties to contribute to mitigation of greenhouse gas emissions and foster sustainable development. This dual objective is reminiscent of Kyoto Protocol’s Article 12.2 establishing the Clean Development Mechanism. Finally, articles 6.8 and 6.9 define a “framework for non-market approaches to sustainable development”.

Each of the four sections of Article 6 refer to sustainable development as the ultimate objective of the mechanisms created. In each case, sustainable development is associated as an objective to be pursued in tandem with climate mitigation actions.

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apply to all countries – developed and developing alike. Third, though the 17 goals, 169 targets and 300+ indicators form a common framework, the 193 signatory countries, ranging from Afghanistan to Zimbabwe, have all pledged to set their individual national priorities for sustainable development and answer to the needs of their own people.

Above and beyond the development and approval of the Global Goals, the language used in the Paris agreement is much stronger than in previous texts and more forceful than anticipated by those of us watching from the outside. This is particularly explicit in Article 6 where all three international collaboration frameworks include references to sustainable development as a core objective. The Article clearly lays out that a primary objective of international cooperation is to facilitate raising ambitions and promote sustainable development. Article 6.4 and the related decision 38 (b) on rules, modalities and procedures for the mechanism provide a “strong mandate for quantitative sustainable development assessment”¹. This means that outcomes like improved health, economic growth and gender equality are no longer only co-benefits.

Myth 2: Fear of interference with national prerogatives

Within the context of the UNFCCC negotiations, the most prominent myth is not so much the lack of a clear definition, but rather the perception that imposing a top-down definition of sustainable development would undermine Parties’ ability to decide upon their own development pathways. Some see sustainable development provisions as seeds that could later limit Parties’ ownership of their national development priorities. The central element of this critique lies in the perceived incompatibility between a globally accepted definition and bottom-up approach to setting national priorities. While the Global Goals provide key elements of a common language for sustainable development matters, they do not set country level priorities. Rather, they serve as a framework within which countries can develop

¹ Source ‘Best of two Worlds’, Carbon Mechanisms Review, July-August 2016

their own priorities – the so-called “National Agenda 2030”.

Taking a step back, we should remind ourselves here that the Parties to the Paris Agreement and the Parties who adopted the Sustainable Development Goals are one and the same. However, the negotiators – the people at the table – are different. This gap provides a challenge, but bridges can and must be created to brief and train negotiators in the two processes on relevant elements in the other process.

Myth 3: Sustainable development provisions are incompatible with market mechanisms

Proponents of market mechanisms argue that markets are designed to deliver on one objective and would underperform if tasked to consider multiple aims. This argument has long been used to justify the need to keep sustainable development provisions of the Clean Development Mechanism to a minimum. More recently, with the design and launch of the CDM Sustainable Development Tool, advocates of markets lobbied strongly to see it remain optional arguing that it would otherwise create an unnecessary barrier.

But history has proven them wrong.

When Gold Standard was formed in the early 2000s, we received similar feedback that markets could only handle one objective: carbon mitigation. We were told that markets were not designed to take into account the multifaceted nature of sustainable development – that they could not handle the complexity associated with sustainable development impacts. A decade later, voluntary carbon markets have led the way in demonstrating that market mechanisms can deliver sustainable development outcomes.

Scandals associated with CDM projects’ human rights violations and questionable additionality paved the way to a series of enhancements including the development of the CDM Sustainable Development Tool that mirrored that of Gold Standard’s, thereby demonstrating that

the lack of consideration given to sustainable development could undermine the very existence of markets.

This is confirmed by the global trend towards de-commoditisation with an increasing emphasis on the particular attributes and what are today called co-benefits of projects. There are very few carbon buyers who disregard the sustainable development impacts of climate mitigation projects. This trend is not limited to carbon markets. It is far reaching as most commodities are de-commoditised with quality labels, guarantees of origins and environmental and social attributes.

Myth 4: Sustainable development is too complex, it cannot be measured

Another frequently cited challenge among UNFCCC negotiators and carbon markets practitioners is that sustainable development is too complex to be cost-effectively measured. The multidimensional nature of sustainable development, the tension between short-term outcomes and long-term development impacts and the complex management of trade-offs are real and important barriers to measuring sustainable development contributions on the ground.

Since 2004, Gold Standard has pioneered pragmatic and innovative ways to assess and certify activities' holistic contributions to sustainable development. Through continuous innovations in our processes and methodologies, we have proven that it is possible to qualitatively and quantitatively assess sustainable development on the ground. And with the upcoming launch of [Gold Standard for the Global Goals](#), we are committed to establishing a global benchmark for best practice development actions that carry climate and sustainable development dividends.

Sustainable Development Beyond Paris

There are four important reasons why strong sustainable development provisions in post-2020 mechanisms are a good thing. First, we cannot say we did not know – carbon markets have shown that public acceptance of market mechanisms depends on strong safeguards and real sustainable development benefits.

Without those in place, the next generation of market mechanisms will face the same resistance from public opinion and leading civil society organisations. Nor can we afford not to get this right up front – time is running out; we need support across all stakeholders.

Second, sustainable development is a primary lever for raising climate ambition. The assessment and the recognition of sustainable development benefits of mitigation actions is very often a pre-requisite to unlock host country ownership and ensure these actions receive long-term support. It is interesting to see how national and sub-national governments position what we regard as “climate actions”. Very often, these actions are presented as priority development programs, be they a national household energy program, a city-wide sustainable public transport scheme or a regional water management strategy.

Third, sustainable development benefits that are robustly quantified can secure confidence to attract funding because of the economic and social value they deliver. Private sector players need to assess returns they are getting from their investments; quantifying and valuing sustainable development contributions can unlock much needed private sector funding.

Finally, at the country level, is it realistic to expect that countries will track climate and sustainable development progress separately? Can we not think about a way to integrate and possibly even merge monitoring and reporting requirements towards UNFCCC and Agenda 2030 processes? Well, surely a starting point is to capture the contributions of climate actions towards the National Agenda 2030.

Operationalising Sustainable Development

We call for the creation and endorsement by the Parties of a globally accepted approach to assess sustainable development contributions of climate mitigation activities. Building on the lessons from carbon markets and the structure outlined by the Global Goals, the proposed approach should provide a comprehensive set of tools and methodologies to assess sustainable development contributions of mitigation actions in various contexts.

Guiding principles to operationalise the sustainable development provisions of Article 6:

Sustainable development provisions of future mechanisms will be shaped by so-called “modalities and procedures”. We call for these to:

- » Take into account countries' ownership of sustainable development priorities while building upon the framework provided by the Global Goals;
- » Be developed with the long-term vision to create a globally accepted approach for the assessment of sustainable development contributions of climate mitigation activities;
- » Be consistent if not similar across the mechanisms;
- » Build upon the lessons from the carbon markets including the CDM Sustainable Development Tool and Gold Standard principles and methodologies.

In addition, digitalisation of methodologies, online reporting and monitoring solutions should be made a key priority to ensure accessibility and affordability. The creation of a central data repository on impacts of climate actions could profoundly transform the way the world handles these issues.





We want to create an approach that will paint a real picture of the benefits delivered by well-rounded, holistic climate actions, such that:

- » Household energy solutions like domestic biogas digesters or improved cooking devices no longer stand for carbon projects but are recognised for the social and environmental value they deliver;
- » Jobs created by renewable energy programs are factored into the investment equation;
- » Health benefits of sustainable transport programs are fully captured and maximised;
- » Municipalities, national governments or project implementers no longer have to choose between climate and development action.

Recognising that each nation is first and foremost accountable to its own population, the proposed approach would ensure that actions have been designed according to national priorities and in consultation with relevant stakeholders at the local level. Recognising that climate and development objectives may sometimes conflict – for example, forests are a well-known carbon sink but they require significant volumes of water which may be needed for other purposes – the approach will develop tools to assess and mitigate trade-offs that may arise.

In addition, this approach will provide a benchmark to assess whether this is “an activity worth doing” or “an activity worth funding”:

- » Design stage activity requirements will provide assurance that the activity follows international best-practices by including stakeholders, ensuring proper safeguards,
- » Contributing holistically to sustainable development, demonstrating appropriate management of trade-offs and providing a robust impact monitoring and reporting plan.
- » Impact quantification methodologies building upon the framework provided by the Global Goals will offer solutions to track contributions towards specific SDG targets.

The approach would serve as a foundation for the development of an internationally recognised standard for the certification of climate mitigation activities and their related sustainable development contributions. This would empower us to:

- » Translate general requirements into detailed rules adapted to the realities of diverse mitigation activities on the ground;
- » Enable third-party audits by accredited entities via a standardised certification process and accreditation guidelines;
- » Develop globally accepted methodologies to not only quantify impacts such as carbon or health, but to channel finance where it’s most urgently required to drive the transformation we need;
- » Ensure transparency through a public registry of tradeable units (e.g VER/ITMOs) or certified statement of outcomes;
- » Ensure transparent grievance processes that empower and give voice to people on the ground.

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