

The Swiss foundation KliK is interested in supporting cooperative approaches to combat climate change

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As a Party to the Paris Agreement, in its NDC, Switzerland has committed itself to cut its emissions by half by 2030 compared to their 1990 levels. It plans to make use of the cooperative approaches defined in Article 6 of the Paris Agreement, which allows Switzerland to account reductions achieved in another country toward its own emission target.

Who is KliK and why is KliK interested in buying ITMOs?

The KliK Foundation is a carbon offset grouping of transport fuel importers who under the current Swiss CO₂ Act are required to domestically offset a defined percentage of the emissions generated by fuel consumption. The Swiss Federal Council's draft proposal for the post-2020 Swiss CO₂ Act stipulates that in the future a part of the offset obligation is to be met by using the cooperative approaches under the Paris Agreement. For the period 2021 to 2030, this should amount to around 50 million tons of CO₂e that are to be sourced from international mitigation activities.

The binding rules for the recognition of international emission reductions will probably be known only shortly before the revised Swiss CO₂ Act enters into force. Until then, KliK will build its portfolio of international activities on a provisional basis.

Why, in the absence of international decisions, is KliK already active?

The mitigation and transparency decisions of COP 24 in Katowice provide clear guidance that will contribute to the implementation of Article 6 of the Paris Agreement. Both adopted legal texts represent a sufficient basis to engage in the implementation of cooperative approaches. Additional guidance for cooperation under Article 6.2 would be helpful of course. Negotiations on such guidance until Katowice showed numerous points of convergence on how cooperative approaches should be implemented. Albeit it is not adopted, we consider the draft negotiation text to be sufficient to carry on with the procurement of ITMOs.

Further, KliK is cognizant about the fact that cooperative approaches require a long lead time from the first idea until an agreement between states, since countries must reconcile many domestic perspectives first. To give enough time, KliK is interested to start first considerations of concrete cooperative approaches as soon as possible.

Why is the offering of KliK of interest to countries?

Considering that partner countries must adjust their emissions according to the transferred ITMOs, the benefits of participating in cooperative approaches are not obvious. Yet, there are several ways in which a partner country could benefit from those:

Foundation for
Climate Protection and
Offset KliK

Freiestrasse 167
8032 Zurich

Phone +41 (0)44 224 60 00
Fax +41 (0)44 224 60 09

info@klik.ch

Co-benefits for the partner country. Mitigation activities under cooperative approaches are required to promote sustainable development. Consequently, the activities will be carefully designed to generate co-benefits that go beyond the mitigation of greenhouse gases. These may comprise positive health effects, cost-savings for households, the creation of jobs, stimulation of new investments, etc.

Access to measures that otherwise would not be available. A country will consider various measures and regulations to combat GHG emissions. However, some may prove, while in principle sensible and effective, not accessible for various reasons. Under constrained budgets and technical capacities, a country will focus on measures with least cost per mitigation outcome, and disregard those that are expensive, technically challenging, or in remote areas. The latter measures are the ones that could be identified for support under a cooperative approach.

Increase domestic mitigation. Countries will compare the transferred ITMOs with the effectively reduced emissions of the supported mitigation activity. If the volume of emission reductions generated is higher than the number of ITMOs transferred, this will lead to a net benefit for the country.

Build up capacity. Cooperative approaches are interventions limited in time. After the structure to incentivise a mitigation activity has been implemented through the cooperative approach, and local staff has been trained in the operations, the country can benefit from sustaining the activity with its own resources and capacity, thereby contributing towards the fulfilment of its NDC.

Transformation. Ideal cases for support are those where during the support of a mitigation activity the framing conditions change such that after termination of the cooperative approach no sustained support is required. Examples are behavioural changes, manufacturing standards, or the emergence of a mature market segment.

How is KliK procuring ITMOs?

KliK foresees to procure ITMOs through repeated calls for proposals. Generally, two different tracks are planned: one for pre-selected private organisations, and one for governments, which is open to all governmental agencies. Governments may, however, submit Programme Idea Notes independent from calls for proposals at any time. The procurement develops over three stages:

1. *Expression of Interest EoI stage.* The foundation KliK invites organisations to express their interest in planning and implementing mitigation activities suitable for the generation of ITMOs. Private organisations and governmental agencies apply through the website <http://international.klik.ch>. Selected organisations and governmental agencies receive an account through which they access the Call for Proposals and the subsequent stages in the procurement process.
2. *PIN stage.* A Programme Idea Note (PIN) is submitted in a standardised format on the website. PINs must include a valid Letter of Intent by the ministry in charge of the coordination of the NDC, or by the designated national authority competent under Article 6, as well as a proposal for the subsequent concept stage. PINs will be selected by KliK in consultation with the Swiss government.
3. *Concept Stage.* If selected, the applicant must prepare a concept, detailing how the mitigation outcomes of the supported activity are determined. At this stage the applicant will be consulting with both the partner country and Switzerland. KliK may consider carrying part of the costs for preparing the concept document.

Based on the concept document, the governments establish the required bilateral arrangements to allow for a transfer. If the countries agree to this arrangement, KliK will support the mitigation activity with a contract for result based payments.

What is the role of governments?

The government of the transferring country is involved in the process at the stage of the PIN, during the concept stage and of course in establishing the bilateral arrangement. For both, private and public applicants, the mitigation activity can be developed consistent with domestic governmental structures. Without the competent domestic authority, no decision on the implementation of the mitigation activity, or to transfer ITMOs, is possible.

What kind of mitigation activities KliK is looking for?

KliK is interested in supporting mitigation activities that offer the largest benefits for all participating stakeholders - within the limits of its willingness to pay. Therefore, we invite applicants to propose compelling mitigation activities for our support which have the potential to gather all stakeholders in the same boat. While the quantification of mitigation outcomes may be based on concepts established under the CDM or other carbon schemes, the supported activities must lead to mitigation outcomes that go beyond those needed to reach the country's NDC target. The foundation will provide the applicants with a specific profile of requirements for each of the calls for proposals that are planned from March 2019 onwards.

Kind regards

Foundation KliK



Mischa Classen
Director Carbon Procurement

Foundation for
Climate Protection and
Offset KliK

Freiestrasse 167
8032 Zurich

Phone +41(0)44 224 60 00
Fax +41(0)44 224 60 09

info@klik.ch