

## Nordic Initiative for Cooperative Approaches (NICA)

### - Facilitating partnerships for ambitious climate action

Meeting our climate and other Sustainable Development Goals is a huge opportunity for the wellbeing and future of humanity. It requires urgent, ambitious and transformative action towards carbon neutrality and climate resilience at a pace and scale that can only be achieved through broad cooperation. We need to join forces across all sectors and actors in society, including governments, businesses, civil society and local communities, to share and scale up best practices and innovative solutions for ambitious climate action.

#### ***Nordic Initiative for Cooperative Approaches***

The **Nordic Initiative for Cooperative Approaches (NICA)** aims to facilitate partnerships that enhance the ambition of climate action around the world and support efforts to achieve carbon neutrality. NICA aims to share knowledge and build capacity to mobilise private sector finance for ambitious climate action, drawing on 20 years of pioneering Nordic experience with global carbon markets and capacity building for climate action in developing countries. In parallel, NICA aims to contribute to the development and piloting of robust international rules and mechanisms that ensure that cooperation that involves international transfers of mitigation outcomes promotes the achievement of the goals of the Paris Agreement. NICA activities are demand-driven and complementary to other relevant efforts, and include piloting, stakeholder dialogues, research, and technical assistance.

NICA was launched in September 2018 in collaboration between Finland, Norway, Sweden and the Nordic Environment Finance Corporation (NEFCO), building on successful cooperation under the Nordic Partnership Initiative on Upscaling Mitigation Action (NPI). Other Nordic stakeholders are invited to join.

#### ***Joining forces for higher ambition and sustainable development***

Under the Paris Agreement, Parties may voluntarily cooperate to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity. The operationalisation of the international rules and mechanisms for such cooperation will require extensive work in the next few years, including international negotiations and piloting in real-life contexts.

The Nordic countries have committed to intensifying cooperation to reduce greenhouse gas emissions and maintain or enhance carbon sinks in the Nordic region as well as globally. The Nordic region is leading by example in efforts to achieve carbon neutrality, with ambitious Nordic countries, companies, investors, local governments, cities, organisations and consumers setting the pace as global frontrunners in exploring and sharing solutions for transitioning to low-emission, climate-resilient and circular societies. Low-emission societies must be built on a broad coalition between all sectors and actors in society. Dialogue and partnership with the business community is a key to success.

#### ***Partnerships for learning-by-doing***

The Nordic countries have an extensive track-record in supporting sustainable development and ambitious climate action in developing countries, promoting carbon pricing to steer finance flows to

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low-emission investments and capacity building to develop enabling environments and robust information systems. This can drive transformative climate action.

NICA brings this experience and cooperation into the Paris Agreement era. Under NICA, the Nordic countries continue to join forces to facilitate international partnerships for ambitious climate action that is compatible with the Paris Agreement framework. NICA aims to contribute to the Nordic countries' commitment to strong leadership in tackling climate change at a national, regional and global level, including carbon pricing. NICA collaborates closely with international peers and relevant initiatives to ensure complementarity and foster peer-to-peer learning and knowledge sharing globally.

### ***Robust market-based approaches for carbon neutrality***

NICA seeks to foster dialogue and partnerships, especially between Nordic private and municipal actors and their global peers, that can deliver real and lasting mitigation outcomes, promote higher ambition, harness private sector finance and innovation and deliver sustainable development, including adaptation, co-benefits. NICA activities aim to contribute to the development of robust and practical international rules for international transfers of mitigation outcomes to ensure that such market-based cooperation contributes to the goals of the Paris Agreement.

In particular, NICA aims explore how market-based approaches can be used internationally to mobilise private sector resources to enhance the ambition of climate action, including as a tool to accelerate joint efforts to achieve climate neutrality. These themes will be explored through a diverse range of demand-driven activities, including studies, seminars, technical assistance and piloting activities in particulate, that foster dialogue and collaboration among Nordic and global stakeholders in the public, private and non-governmental spheres and explore robust options for international transfers of mitigation outcomes.

To achieve just, inclusive and lasting results, NICA stresses the importance of mainstreaming climate and sustainable development considerations into policies, plans and activities, engaging all relevant stakeholders, respecting labour rights, human rights and the rights of indigenous peoples and promoting gender equality and women's empowerment.

### Partnerships to achieve more and faster

- **RAISING THE AMBITION OF CLIMATE ACTION.** Global warming must be limited to 1.5 °C degrees to avoid the worst impacts of climate change and to achieve the Sustainable Development Goals. This requires boosting the ambition of mitigation pledges and implementing climate action at an unprecedented pace and scale. We need to share and scale up **best practices**, harness **private sector and municipal resources and innovation**, incentivize **cost-effective** mitigation action, apply common rules that ensure the **transparency and environmental integrity** of mitigation action and recognize the immense opportunities offered by low-emissions, climate-resilient **sustainable development**. Promoting **cost-effective** mitigation action can enhance ambition: cost-effectiveness enables more results for the same amount of resources, thus allowing for higher ambition in both mitigation and adaptation action.
- **ALIGNING FINANCE FLOWS WITH A LOW-EMISSIONS, CLIMATE-RESILIENT, CIRCULAR ECONOMY.** The Paris Agreement aims to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. This requires steering both public and private finance flows towards a **transformation** into increasingly **circular and carbon neutral societies**. Public financing is nowhere near sufficient for covering the investment needs. It is **crucial to mobilize private finance** for ambitious climate action. The public sector has a key role in setting standards, rules and incentives, creating an enabling environment and leveraging finance for private sector investments and innovation. **Carbon pricing** is a powerful policy tool for incentivizing the private sector to take cost-effective mitigation action. **Phasing out of fossil fuel subsidies** can also mobilize and shift significant amounts of finance flows towards low-emission and climate-resilient sustainable development.
- **MAXIMISING SYNERGIES IN ACHIEVING SUSTAINABLE DEVELOPMENT AND CLIMATE GOALS.** The goals of the Paris Agreement and the 2030 Agenda for Sustainable Development are **inseparably interlinked**, and they can only be achieved together. Implementing climate action in a manner that supports also other Sustainable Development Goals offers **multiple benefits**, making a powerful case for seeing sustainable climate action as a **unique opportunity**, rather than a costly burden. The promotion of sustainable development is also a requirement under the Paris Agreement.

## Nordic views to ambitious climate action

**Declaration on Nordic Carbon Neutrality (2019):**<sup>1</sup> *“We will intensify our cooperation in order to catalyse the scaling up of Nordic sustainable solutions, reduce global greenhouse gas emissions, maintain or enhance carbon sinks and remove carbon dioxide from the atmosphere by, inter alia, promoting carbon pricing and the Fossil Fuel Subsidy Reform and incentivizing climate action in the private sector”... “We will encourage Nordic companies, investors, local governments, cities, organizations and consumers to step up their efforts towards carbon neutrality.”*

**Programme for Nordic Co-operation on the Environment and Climate 2019–2024:**<sup>2</sup> *“The importance of cross-border cooperation is becoming increasingly clear and increasingly important. The Nordic countries will continue to be drivers in international negotiations, such as by deepening the knowledge base and raising new issues. Nordic countries will help to establish the conditions necessary for implementation in other countries, such as by sharing their experiences and knowledge.”*

**Joint Statement of the Nordic Prime Ministers and the Nordic CEOs for a Sustainable Future (2019):**<sup>3</sup> *“Agree that to implement the Sustainable Development Goals (SDGs) and the Paris Agreement on climate change by 2030, collaboration between the public and private sectors must be intensified.”... “Recognizing that for the Nordic region to continue to lead the way, a joint vision and immediate and tangible actions by the public and private sectors is an effective way forward.”... “The Prime Ministers and the CEOs agree that collaboration and common actions focused on the areas of climate change, smarter climate-based consumption and production, and ensuring an equal and fairer society are the most pressing. Therefore, we commit to pursue climate diplomacy in international forums to deliver solutions with impact on global emissions and to meet the goals of the Paris Agreement.”*

**Nordic position paper on EU’s long-term climate policy (2019):**<sup>4</sup> *“Adopt an ambitious and market based climate policy for Europe that will deliver on the Paris agreement.”*

**Call for EU to update targets for net zero greenhouse gas emissions (2019):**<sup>5</sup> *“We, as Nordic non-state actors, support the swift and sustainable implementation of such goals with our own ambitious goals and actions. We firmly believe that not only can climate change be mitigated, but it can be done in such a way that does not harm economic development and, in many cases, leads to new profitable business models.”*

For further information, please visit:

<https://www.nefco.org/fund-mobilisation/funds-managed-by-nefco/nordic-initiative-for-cooperative-approaches/>

NICA 2019

<sup>1</sup> <https://www.ym.fi/download/noname/%7B5CF4258D-8264-4F5C-8527-081CCBBF2AE2%7D/143425>

<sup>2</sup> <https://www.norden.org/en/publication/programme-nordic-co-operation-environment-and-climate-2019-2024>

<sup>3</sup> <https://www.norden.org/fi/node/37458>

<sup>4</sup> <https://ek.fi/wp-content/uploads/A-Nordic-Climate-Vision.pdf>

<sup>5</sup> <https://clc.fi/campaigns/call-for-eu-to-update-targets-for-net-zero-greenhouse-gas-emissions/>