Reduce greenhouse gas (GHG) emissions or the carbon intensity of your business? - Discussion

CONTEXT

Since 2020, more and more international solidarity organizations have been looking to reduce their environmental footprint, and in particular their carbon footprint. 15 of them have signed the declaration of commitment[1] developed by the Humanitarian Environment Network[2] , which aims to **reduce their GHG emissions by 50% by 2030 compared with a reference year to be defined**.

WHAT DOES THIS COMMITMENT MEAN IN CONCRETE TERMS?

This 50% reduction commitment can be understood in two ways: in absolute or relative terms

Defining a reduction target in **absolute terms** means choosing to **reduce the quantity of GHG emissions generated**, regardless of changes in the organization's volume of activity. In practice, if the latter increases, the emissions reduction efforts will have to be greater to compensate for this increase in activity. The aim is to **decouple GHG emissions from the organization's growth**.

Defining your objective in **relative terms** means choosing to reduce r **the carbon intensity of your activity** rather than your total GHG emissions. This carbon intensity is calculated by dividing total GHG emissions by an indicator representative of the volume of activity. In this way, the carbon intensity of the activity **makes the link between the GHGs emitted and the activities that generated them.**

For an NGO with **1,000 employees**, whose emissions are estimated at **20,000 tonnes of CO_2e** *(20 tonnes/employee)*, for example, a 50% reduction commitment means :

- In **absolute terms**: reduce emissions by 10,000 tonnes
- In **relative terms**: achieve 10 tonnes of CO_2e per employee

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In relative terms, which indicator should be used to quantify business volume?

An organization has several options for describing its business volume. It may, for example, choose to use its turnover or the number of **full-time equivalents (FTEs)** in the organization, or the number of **beneficiaries of its activities**. The challenge is to choose the indicator that best reflects the organization's level of activity. Of the organizations signing the declaration, 3 have chosen turnover and 1 the number of FTEs, while the others have not yet defined their chosen indicator.

COMMENTS AND REFLECTIONS

What are the IPCC's recommendations?

In order to limit global warming to +1.5°C, the IPCC recommends halving[3] the planet's GHG emissions by 2030, compared with 2010. **On a global scale, this means a reduction in emissions in absolute terms,** in order to reduce human pressure on the environment, irrespective of the evolution of different human activities.

How do you achieve this reduction?

In economic terms, we propose **decoupling growth and GHG emissions** generated by human activities, i.e. to **dissociate these two parameters** so that their respective future trends are no longer linked. There are two main **levers** for achieving this decoupling of emissions and activities:

- **Decarbonizing energy**: This involves reducing GHG emissions from energy production, in particular by relying on renewable energies and reducing dependence on fossil fuels;

[1] Declaration of commitment:
[2] https://www.environnementhumanitaire.org/
[3] More precisely, the IPCC mentions a 45% reduction. See the 2019 IPCC report (Summary for Policymakers) on global warming of 1.5°C, p14 (C.1)

- **Energy efficiency**. This involves reducing the energy consumed for a given use, by improving the processes and technologies used.

While partial decoupling has been observed in some countries, physical limitations make it impossible to fully uncouple GHG emissions from human activities. Moreover, it should be stressed that the objective of decoupling is the subject of much lively debate within the scientific community.

So why is characterization in relative or absolute terms currently the subject of debate among NGOs?

Considering that only partial decoupling is possible, an absolute commitment would *de facto* limit the growth of organizations. In other words, beyond a certain threshold, a growing organization would have to choose between its decarbonization commitments and its desire to meet new humanitarian needs.

In the case of a relative value commitment, an organization could continue to grow, while meeting its decarbonization targets. But the total quantity of GHGs emitted could increase if the level of activity grows faster than the decrease in carbon intensity.

Conversely, if an organization's level of activity were to fall, it would *in principal* see its total GHG emissions also fall, without necessarily having made the effort to reduce the carbon intensity of its activity.

So **the debate between absolute and relative value is intimately linked to the question of organizational growth**.

The issue of growth thus raises a **moral and strategic question**: **is it acceptable for an NGO, in order to meet new needs, to increase - or at least not reduce as much as expected in absolute terms - its carbon footprint?**

To answer this question, it is necessary **to question the "social value" of emissions** - in other words, the *raison d'être* of international solidarity organizations - and to set them against global decarbonization imperatives, in a global perspective, beyond the international aid sector. In particular, as humanitarian needs increase, **the moral responsibility of NGOs to reduce their emissions comes into tension with other rights and principles**, such as human rights[4] , the right to development[5] or the principle of common but differentiated responsibilities and respective capacities[6] . Recognizing aid to populations in crisis and development aid as a right also means **advocating for a just ecological transition**.

CONCLUSION

After almost 5 years of sustained momentum, reflection and exchange between NGOs on decarbonization objectives, the choice of the nature of the reduction - in absolute or relative terms - appears to be a **strategic and moral issue**. The appendix to this fact sheet sets out in greater detail the arguments in favour of one choice or another, to enable new organizations wishing to make decarbonization commitments, or those wishing to revise theirs, to make an informed decision. The main points are as follows:

- Choosing an absolute reduction without constraining growth is physically impossible. An organization that has characterized its reduction objective in absolute terms must also accept that its growth will be capped by the level of decoupling possible and therefore accept to limit the response to certain humanitarian needs;

- Opting for a reduction in relative terms may result in an increase in the carbon footprint in the event of strong growth, which for NGOs means assuming a lesser contribution to the fight against climate change, which affects the most vulnerable populations. On the other hand, this choice maintains the need to make an effort in the event of a decrease in activity;

- Committing to a trajectory of emissions reduction means starting to think about the growth of your organization!

[4] See https://www.un.org/en/global-issues/human-rights

[5] See the declaration on the right to development adopted by the United Nations General Assembly in 1986.

[6] See Article 3 of the United Nations Framework Convention on Climate Change (UNFCCC)

APPENDICES

APPENDIX 1: NGO BENCHMARKING

Not all NGOs have yet made reduction commitments, and not all of them have yet defined the nature of their reductions. See below for the current choices of some organizations, specifying in brackets the indicator used to express the volume of activity when specified.

NGO	Choice of objective characterization
Action Contre la Faim	Relative value (CA)
ALIMA	Absolute value as ideal target Relative value as planned target
Electriciens sans frontière	Relative value
Gret	Relative value (FTE)
Groupe URD	Relative value (CA)
Doctors Without Borders	Absolute value
Mercy Corps	Relative value
Norwegian Refugee Council	Relative value (FTE)
Save The Children	Absolute value
International Solidarity	Relative value
Terre des Hommes Foundation	Absolute value

The choices differ from one organization to another. **A majority, however, seem to have chosen a relative value target**. Note that one NGO chose to use both absolute and relative values, the former for their "ideal target" and the latter for their "planned target".

Carbon intensity, an indicator for comparing carbon footprints

Some organizations, whose target has been defined in absolute terms, are also interested in the carbon intensity of their activities in order to compare their emissions over time or with those of other organizations. This can enable them to assess whether, irrespective of the overall evolution of their carbon footprint, their reduction efforts have borne fruit, and whether there is potential room for improvement. Carbon intensity is used here as an indicator for comparative analysis. It is also possible to measure the carbon intensity of certain types of activity.

ANNEX 2: SUMMARY TABLE OF ABSOLUTE AND RELATIVE VALUE SPECIFICATIONS

The table below summarizes the various arguments in support of the absolute and relative value choices.

Things to consider	Absolute value	Relative value
IPCC recommendations	GHG emissions must be reduced in absolute terms to match the physical reality recommended by the IPCC. What counts for the planet is the overall reduction.	The IPCC's recommendations are based on a global vision. They are not intended to be applied uniformly. It is important to take into account the *raison d'être* of each organization.
Links between the organization's activities and GHG emissions	It is possible to decouple GHG emissions from the organization's activities. However, there are physical limits to this decoupling, which means that the organization's growth must be capped.	GHG emissions are dependent on the organization's activities. If the organization's activity grows, overall emissions are likely to increase, even if carbon intensity decreases.
Possibility of comparison	It may be useful to compare results in absolute terms to obtain orders of magnitude, bearing in mind that the perimeters considered are not the same.	Comparing overall carbon intensity can be interesting as a first approximation. For a more detailed analysis, carbon intensity needs to be looked at in more detail, according to emission sources, land or activities.
Communication on decarbonization strategy	Set a simple, understandable objective.	A business volume indicator needs to be defined. This option has also been used as a greenwashing strategy by companies to avoid reducing their emissions.
Ethics of ecological transition	Ethical duty to follow IPCC recommendations. No one can escape this responsibility.	Focus on the purpose of uses and consider the moral imperative of meeting growing humanitarian needs.

APPENDIX 3: EXAMPLE BASED ON FICTITIOUS SCENARIOS

Following are three scenarios to illustrate the application of absolute or relative targets based on different growth trends. These consider the carbon intensity of an organization according to its annual turnover.

Consider an organization with reference-year turnover of 2,000 k€ (A_{ref}) and a carbon footprint of 10,000 tCO_2e (E_{ref}). Its reference carbon intensity (I_{ref}) is therefore 5 tCO2e/k€.

Three different economic trajectories are considered and compared, –in terms of what a 50% decarbonization commitment would correspond to in absolute (AV) and relative (RV) terms.

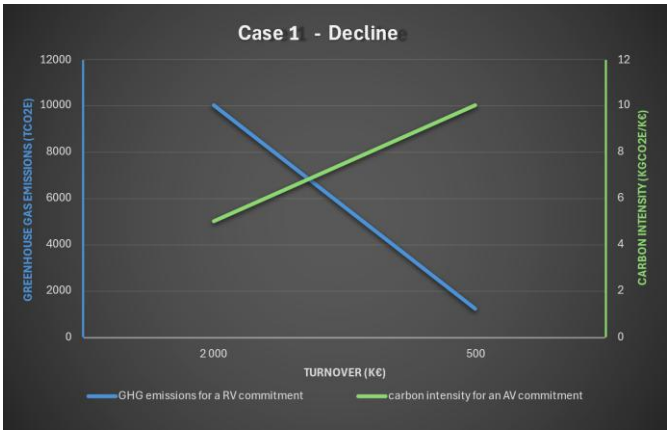
- **1st case - decline:** business volume falls sharply from 2,000 k€ to 500 k€ turnover;
- **2th case - continuity**: business volume maintained at 2,000 k€;
- **3rd case - growth:** turnover doubles from 2,000 k€ to 4,000 k€

To symbolize the physical limit to the reduction in carbon intensity, i.e. the limit to decoupling, this scenario arbitrarily assumes that I_{min} = 2 $tCO_2e/k€$.

For each case, the results obtained are explained and illustrated with graphs showing, in blue, the evolution of the carbon footprint and, in green, that of carbon intensity.

Graphs and analysis

Case 1 - decline



An AV commitment assumes that the organization halves its GHG emissions (E_{fin}= 5,000 tCO_2e), which would correspond to a final carbon intensity (I_{fin}) of 10 $tCO_2e/k€$, i.e. twice as high as initially intended. In other words, **the organization's activities could be twice as carbon-intensive**, in clear contradiction with the initial intention.

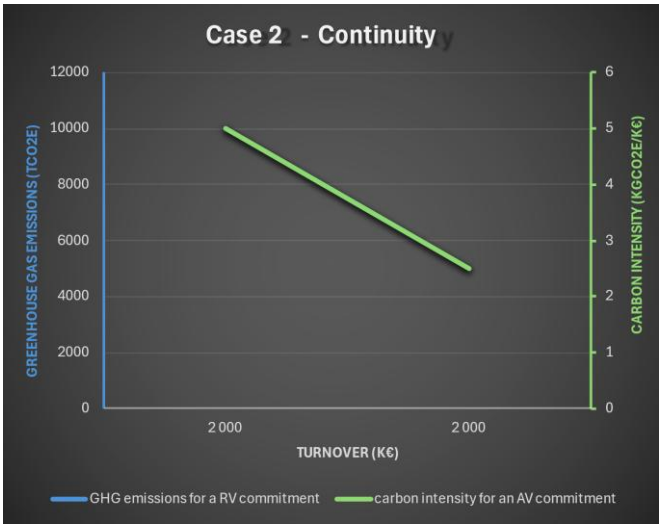
For an RV commitment, with carbon intensity halved ((I_{fin} = 2.5 $tCO_2e/k€$), this would correspond to a final carbon footprint (E_{fin}) of 1,250 tCO_2e, a reduction of 88% on the initial carbon footprint. In view of the organization's shrinking size**, halving the carbon intensity of its activities is tantamount to significantly reducing its carbon footprint**.

Case 2 - continuity

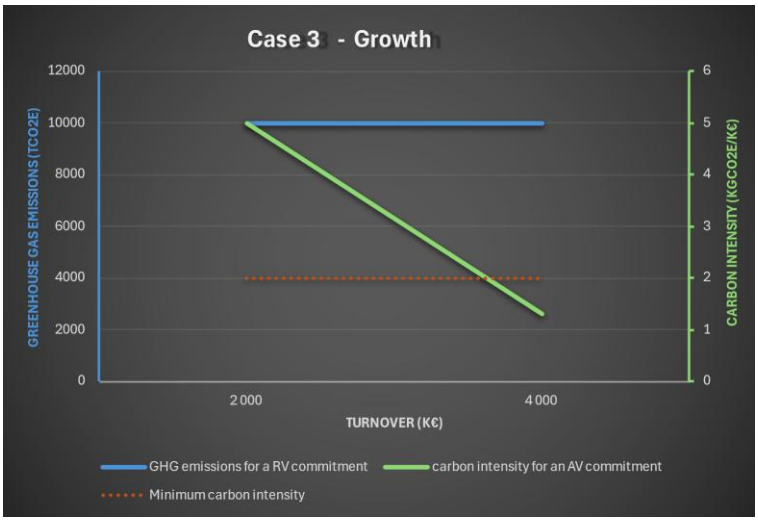
An AV commitment assumes that the organization halves its GHG emissions (E_{fin}= 5,000 tCO_2e), which would also correspond to halving its carbon intensity, to obtain I_{fin} = 2.5 $tCO_2e/k€$.

Conversely, for an RV commitment, the carbon intensity would have to be halved ((I_{fin} = 2.5 $tCO_2e/k€$), which would correspond to halving the final carbon footprint, i.e. E_{fin} = 5,000 tCO_2e.

In other words, **as long as turnover remain constant, there's no difference between an AV and a VR commitment** (the curves in the graph are therefore merged).



Case 3 - growth



A commitment in AV assumes that the organization halves its GHG emissions (E_{fin}= 5,000 tCO_2e), which would correspond to a final carbon intensity (I_{fin}) of 1.25 $tCO_2e/k€$, i.e. a fourfold division of intensity. However, this would exceed the physical limit (I_{min} = 2 tCO_2e/k). Thus, **achieving the reduction target does not appear physically realistic.**

Conversely**, for an RV commitment**, the carbon intensity would have to be halved ((I_{fin} = 2.5 $tCO_2e/k€$), corresponding to a final carbon footprint (E_{fin}) of 10,000 tCO_2e, **i.e. no reduction on the initial carbon footprint**.

Two borderline cases in the growth of an organization can, therefore, be identified:

- **For a commitment in AV**: beyond a certain level of growth, achieving decarbonization targets becomes **physically impossible**;
- For an **RV commitment**: beyond a certain level of growth, the reduction in carbon intensity corresponds to an **increase in carbon footprint**.