



Destination Green

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Overview of the United Nations' offset mechanisms

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Key messages



1. Offset mechanisms help countries, companies, and individuals to meet emission reduction targets at the lowest possible cost
2. The UN runs the world's largest offset mechanism:
 - Clean Development Mechanism ("CDM")
 - Operational through 2023 at least
3. New (and larger) offset mechanisms are being developed, to be operational by 2020 at the latest



Introduction to the CDM

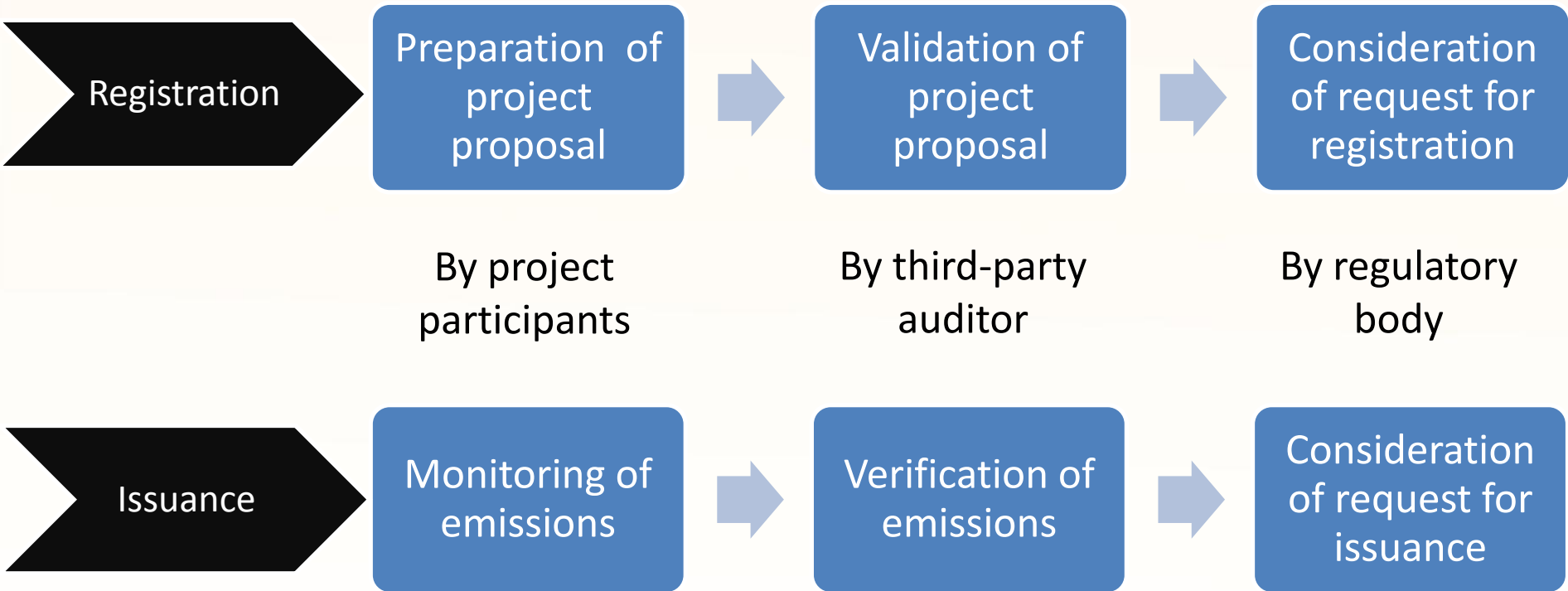


- Established in 1997, operational since 2001
- Aims are to reduce emissions and promote sustainable development
- Two-stage process:
 - *Registration* of projects that reduce emissions in developing countries
 - *Issuance* of credits corresponding to actual reductions that are achieved





Project cycle

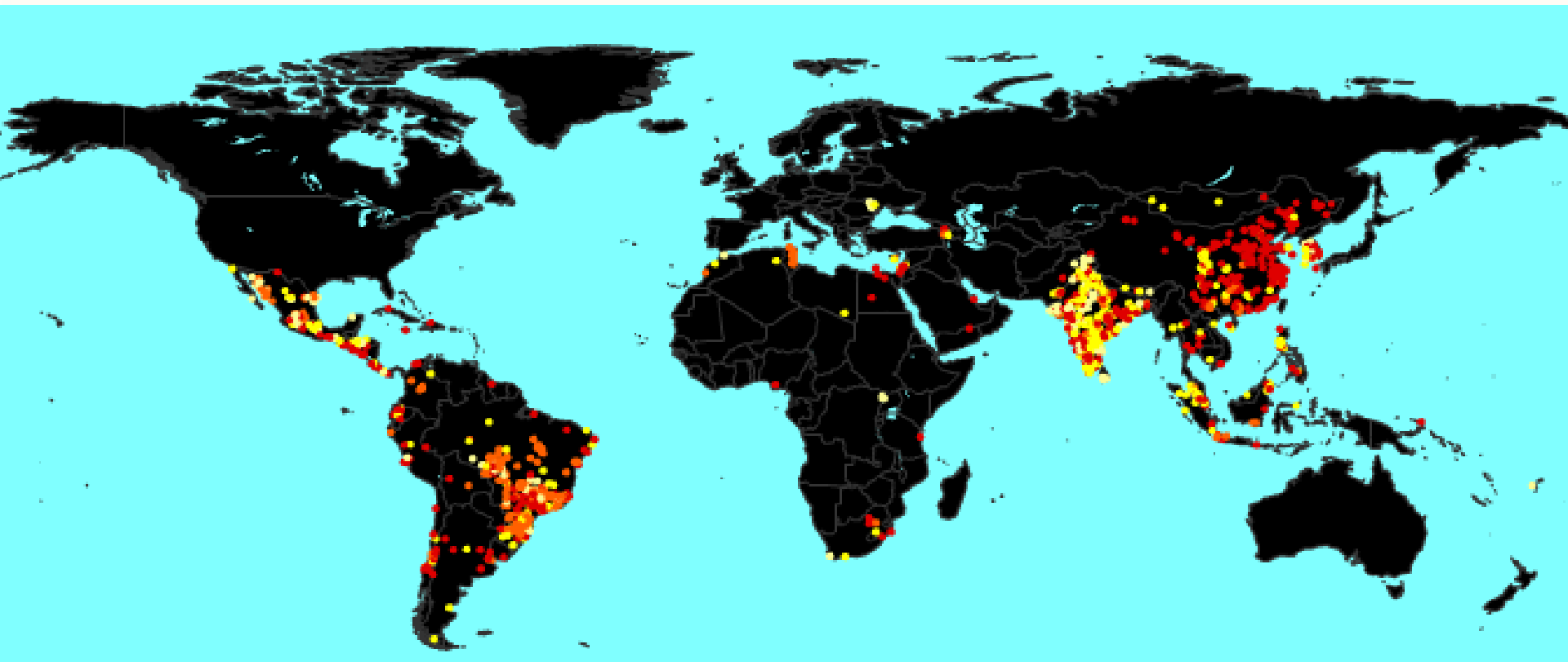




Statistics to date



- > 6800 registered projects in over 80 countries
- > 1.3 billion issued credits (“CERs” = certified emission reductions)



- All projects are scrutinized by third-party auditors
- All projects are subject to review by the governing body (CDM Executive Board)
- Internationally approved standards and methodologies
- Trend toward conservativeness:
 - Standardized baselines
 - Conservative estimates, default factors, etc.





Reliability



- Operation is assured until at least 2023
- Supply from existing projects:
 - > 1.3 billion credits issued to date
 - > 1.3 billion more credits by 2020, by current trends
- Additional supply variables:
 - Highly price-elastic, scalable to meet demand
 - UN recently launched four regional offices (Colombia, Grenada, Togo, Uganda) to spur supply from underrepresented regions



Accessibility

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- Offset credits can be accessed by anyone:
 - By countries to meet international commitments
 - By companies/individuals to meet targets (e.g. CSR)
- Voluntary cancellation procedure
 - Buyer identifies credits → can filter by country of origin, project type, sustainable development benefits, etc.
 - Buyer and seller negotiate a price
 - UN cancels credits upon request of seller
 - UN provides attestation, naming quantity and beneficiary of cancelled credits



New mechanisms (1)

- New UN mechanism is under development
- Projected attributes:
 - Sectoral/sub-sectoral
(not limited to individual facilities)
 - Net decrease in emissions
- Pilot activities planned in 2013
- Expected to be operational by 2020 at the latest



New mechanisms (2)

- Negotiations on a “framework” to recognize and support non-UN mechanisms
- Recognition that countries and third-party organizations are developing mechanisms
- Interest in environmental integrity:
 - Quality control → all credits are real, verified, permanent, and additional
 - Quantity control → no credits are double-counted





Closing remarks



Offset credits under the CDM are:

- High-quality
- Secure to at least 2023
- Easily accessed
- Easily filtered
- Scalable to meet demand



New mechanisms are under development:

- Scaled-up mitigation
- Operation expected by 2020



UN offset mechanisms are a cost-effective and internationally recognized means to neutralize emissions



Thank you!



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