

The Additionality Issue In Offsetting

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THE ADDITIONALITY ISSUE IN OFFSETTING

→ One of the biggest problems with offsetting is ensuring 'additionality' – proving that the offsets that you are buying in order to counterbalance your carbon emissions would not have happened without yours and other similar contributions. Often the projects sound intrinsically worthwhile – protecting threatened original forest, supporting conversion to renewable energy, installing low energy light bulbs, etc. - and sometimes it is hard not to have a sneaking suspicion that they would have been done irrespective of the offset schemes. And if that is the case, someone is profiting from your good intentions, and it isn't Mother Earth.

Ensuring additionality is essential for the credibility of offsetting. The whole purpose is to fund new initiatives to save or store carbon, but proving that projects are new and would not have happened anyway can be problematical.

One of the difficulties is the very fact of intrinsic worth that many offset projects appear to have over and above the carbon credits they might generate. Of course original forest should be protected, but isn't someone doing that anyway? And that power plant in India that is converting from coal to renewable agricultural waste – doesn't that make economic sense for the power company even without the benefits of the carbon credits that it will be able to sell? And since distributing low energy light bulbs in African townships is going to cut the township dwellers bills and free up desperately needed energy for local economic development, won't the local government want to do that of its own accord?

Part of the problem is the way in which Kyoto has framed offsetting. It was conceived as a mechanism by which the primary producers of carbon – the developed countries – could transfer funds and skills to developing countries to help them evolve low carbon economies. The idea is to create a win-win situation. Developing countries in Africa, Asia and Latin America get help to build renewable energy generation facilities, to convert villagers from cooking with kerosene, to capture and use methane from agricultural and household waste, and so on. European, North American and other developed countries benefit because overall carbon emissions are reduced, and they are better able to meet their quotas under Kyoto. To put it into accounting terms, the host countries gain real economic and environmental credits that they can sell to developed countries to help them reduce their carbon debits.

But Kyoto goes even further. It is a specific requirement of the protocol that offsetting schemes must bring social and environmental benefits to the communities that host the projects. Anyone wanting to develop projects under Kyoto's Clean Development Mechanism (CDM) or Joint Initiative (JI) schemes

must show that the process of achieving carbon reductions, whether it be by installing a wind turbine or planting trees, will benefit the local people and ecology over and above the sale of the carbon credits. The benefits might include access to energy, or health benefits from using more efficient cookers, or sustainable harvesting of timber, etc. Providers in the voluntary sector have adopted this approach too, and social and environmental benefits are even more heavily emphasized by the voluntary Gold Standard for offset projects.

Some argue that because climate change is such a huge and imminent threat, we should go for maximum carbon reductions, ignoring local social and other issues, but most people seem to feel that it is only right and just that if we are asking the developing world to help us clear up our environmental mess, that it should be done with a sensitivity to local interests.

Also, not all offset schemes are located in the developing world. Many voluntary schemes include projects in North America, Europe, etc. In fact, there is a huge amount that can be done in these regions in terms of protecting ancient forest, reforestation, promoting renewable energy, funding energy efficiency measures, etc. Here too, projects often seem to have worth beyond carbon credits.

But because many offset schemes have this intrinsic worth and local benefit, it does not mean that they would have gone ahead regardless. There are often formidable technological, skills or funding barriers to the projects, and this is what offset schemes help overcome. Rural villagers can face all three if they want to convert from their kerosene stoves, or capture methane from the dung of their animals. In Bolivia, offsetting has helped the government protect two million acres of forest that had been earmarked for logging. In other cases, the prospect of selling carbon credits can tip the scales for investors otherwise hesitating to fund renewable energy or forest restoration projects.

And it is not just in the distant projects in developing countries where these issues arise. As part of its sustainability program, the District of Maple Ridge in British Columbia, Canada, has launched an initiative to restore ecosystems in the area by replanting indigenous trees and removing invasive species. The aim is to eventually plant 300,000 trees, which will sequester around 1 million tonnes of carbon over an 80 year period. While the municipality is providing the land, offsetting is funding the trees and planting program.

Proof of additionality is a condition of CDM and JI projects receiving approval. It is also built into the Gold Standard, and promises to be part of the Voluntary Carbon Standard currently under development by the International Emissions Trading Association, the World Economic Forum and the Climate Group. In an industry as young as offsetting, and one which is under scrutiny and constant attack by skeptics, it is essential that additionality is transparent and verified by a credible third party.

Meanwhile, forestry-based offsets come with an extra additionality. Trees bring with them a host of benefits, such shade, sustainable timber and fuel, habitats for wildlife, soil erosion prevention, water source protection, food in the form of fruits and nuts, etc. All these are over and above any carbon sequestration they might provide, and all of them come for free.

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