Options to use existing international offset programs in a domestic context

PMR TECHNICAL NOTE 10

Noémie Klein
Ecofys

Twelfth Meeting of the Partnership Assembly
Barcelona, Spain
May 29-30, 2015
A framework for understanding and categorizing past, present and future offset program design, implementation and operation

In order to support countries advance domestic offset programs with full knowledge of existing experience and avoid continual re-invention
The framework provides a multiple function tool box for offsets:

- Inventory of international practices
- Scenarios & design questions
- Framing questions
- Impact analysis
### Inventory of international practices

<table>
<thead>
<tr>
<th>Administration</th>
<th>1. Governance &amp; institutions</th>
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<tbody>
<tr>
<td></td>
<td>2. Project cycle &amp; regulations</td>
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<td></td>
<td>3. Costs &amp; revenues</td>
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<td>4. Liabilities, non-permanence risk &amp; appeal</td>
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<td>Infrastructure</td>
<td>5. Scope</td>
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<td>6. Methodologies &amp; tools</td>
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<td>7. Validation &amp; verification &amp; accreditation</td>
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<td>8. Registry</td>
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<td>Market</td>
<td>9. Market information</td>
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How to leverage the international experience: four scenarios

- Full reliance
- Gate keeping
- Outsourcing
- Indirect reliance

Credits issued by international offset program body
Credits issued by domestic offset program body

Reliance on international offset programs
Role of the domestic government
Scenarios & design questions

- Full reliance
- Gate keeping
- Outsourcing
- Indirect reliance

Credits issued by international offset program body
Credits issued by domestic offset program body

Role of the domestic government

Reliance on international offset programs
Which scenario to go for?

- Impacts: institutions, regulations, technical and operational capacity, costs and revenues

- Objectives, drivers and constraints for the use of offsets
Impacts

- Choice of the international offset program(s) accepted under the domestic offset program
- Use of add-on labels: reliance on offset programs only or introduction of additional compulsory add-on labels
- Type of registry: reliance on international registry or allow transfers to domestic registry
- Level of outsourcing of the domestic registry
- Type of domestic restrictions and check for compliance
- Type of appeal procedure for the domestic decision: no procedure or additional domestic procedure
- Choice of the modules to outsource and the level of outsourcing (full or partial)
Objectives, drivers and constraints for the use of offsets

- Capacity building and gradual development of the program
- Support of abatement efforts in selected sectors
- Past experiences and existing capacities
- Size of the targeted market
- Time pressure
- Budget constraints
- Credibility
- Enforcement and oversight, interdependence
- Interaction with other regulations
- Preparation for tighter abatement measures domestically
- Cost containment mechanisms under another domestic policy
- Preparation for integration into an international carbon market
Next steps

Application of the framework

- Deeper dive on some of the key design questions (e.g. registries, customization of existing programs, costs)

- Fine-tuning of the framework based on detailed case-studies of countries and programs
Thank You

FOR MORE INFORMATION ON THE PARTNERSHIP FOR MARKET READINESS (PMR), PLEASE CONTACT:

PMR SECRETARIAT

PMRSECRETARIAT@WORLDBANK.ORG

WWW.THEPMR.ORG