Perspectives from the private sector and challenges and opportunities post Paris

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What is ICROA?

“The International Carbon Reduction and Offset Alliance – ICROA is an international non-profit industry association”.

- ICROA is comprised of the leading global service providers
- ICROA provides a unified voice for the voluntary carbon sector
- ICROA engages with governmental entities and international organizations to support the development of the voluntary market

Our aims:

- **Support development** of the market
- **Ensure quality service** by promoting best practice guidance
Our Members

Our members are:

- Gold Standard project developers (carbon, water)
- Carbon offset retailers
- Retailers of other environmental products (e.g. GoO, WBC – not covered by ICROA Code)
- Carbon and sustainability consultants

- Gold Standard brand ambassadors
The VCM Today

- Overall, relatively saturated market with limited growth, but variations depending on geography
- Existing corporate buyers show long-term commitment to offsetting
- Increased demand for quantified (not yet tradable) co-benefits that are linked to corporate activities in areas such as water, health (shift to high value projects at reasonable cost)
- Offsetting in the process of being redefined to embrace renewable energy, water, natural capital instruments
- Ample supply of GS and VCS credits, but issuance vs. retirements decreasing
- Drying up of pre-CDM projects shifts demand to more high-value projects from GS or VCS/REDD
Challenges and Opportunities Post Paris

- Uncertainty about the direction of travel for offsetting, specifically the delineation between voluntary and compliance in a PA world with NDCs
- Uncertainty about future project supply (e.g. availability of REDD projects, fade-out of CDM) and additionality and double-counting/claiming
- Increased awareness of climate change in the corporate world plus renewed appetite to get engaged (We mean business, Science based targets, RE100)
- Opportunities around recognition of VCM project types in NDCs
- Opportunities around the PA agreement SD Mechanism
Carbon Offsetting in Transition

- Maintain what has proven successful
  - The concept of carbon neutrality
    - provides a target and a measuring rod for corporate engagement
    - allows to effectively communicate and label engagement at company and product level
  - Ex-post verified, transferable mitigation outcomes (i.e. carbon credits) that can be traded spot and forward
    - allow for risk-free corporate engagement by purchasing issued credits
    - allow for risk-sharing along the carbon credit value chain
  - Project development, monitoring, reporting and verification

- Make the transition for existing carbon offset buyers as smooth as possible

- Create new demand - will need strong incentives similar to GoOs in scope 2 reporting or SBT recognition in CDP