



Carbon offset: how to push robust frameworks to avoid greenwashing?

Description:

Already very present in international climate negotiations since the COP in Kyoto through the Clean Development Mechanism or reforestation projects such as the REDD+ programme, the issue of offset mechanisms is still highly debated, between the interest of creating financial flows to restore degraded land or mangroves... and the real risk of greenwashing and of inefficiency. What place does offsetting have in the Fit-for-55 package? What framework can be built for a virtuous offset, seeking to reduce the emissions of the main emitters and financing projects with social and environmental co-benefits, particularly for biodiversity? What are potential mechanisms for certification and long-term monitoring?

Chair: Bruno Rebelle, General manager, Transitions DD

Moderators: Bruno Rebelle, General manager, Transitions DD

Speakers:

- **Antoine Doussaint**, Deputy Director CSR, La Poste Group
- **Anne Laurence Roucher**, Deputy CEO of Mirova and Head of Private equity and Natural capital
- **Patrice Burger**, President of CARI
- **Dominique Pirio**, President of Clim'actions Bretagne
- **Lucas Winkelmann**, Climate and Carbon Program Officer, GERES
- **Roman de Rafael**, Head of Project Development, EcoAct
- **Antoine Gillod**, Coordinateur de l'Observatoire Climate Chance

Summary of discussions:

THEMATIC DRAFT PROPOSALS FOR THE IMPLEMENTATION OF THE EUROPEAN GREEN DEAL			
N°	Topic	European policy	Proposal
1	Net Zero Targets		<p>Considering that merely achieving companies' carbon neutrality commitments on a global scale should greatly increase the volume of traded carbon offsets on the regulated and voluntary markets, expected to rise from US\$1 billion in 2021 to US\$50 billion in 2030, it is necessary to be particularly vigilant about two components of the offsetting process:</p> <ul style="list-style-type: none"> ● The robustness of the emission reduction trajectories of the actors



			<p>using offsetting, to ensure that it is the ultimate complement to the reduction efforts undertaken within their direct and indirect scope of responsibility (Scope3), which are aligned with a trajectory compatible with the objectives of the Paris Agreement.</p> <ul style="list-style-type: none"> • The quality of projects generating carbon credits to ensure that they do not lead to the generation of other harmful impacts - environmental or social - by seeking to maximize the generation of these carbon credits and that, on the contrary, they produce measurable co-benefits.
2	Organizations' mitigation strategies		<p>With regard to the robustness of applicants' emissions reduction trajectories, it would appear necessary to</p> <ul style="list-style-type: none"> • Provide a better framework for the declarations made by stakeholders by harmonizing the standards for measuring commitments in the various scopes, in particular Scope 3 for indirect emissions. These commitments should specify what is mitigation within the company's scope of responsibility and what is offset. It is also necessary, in each of these two main headings, to specify what are the reduction, avoidance and sequestration actions planned. • Encourage the sharing of commitments, considering that peer-to-peer monitoring will be at least as effective as a top-down regulation for which the authorities would not necessarily have adequate means of verification.
3	Carbon Offset Quality Criteria		<p>Concerning the quality of projects for which offsets are issued:</p> <ul style="list-style-type: none"> • It is imperative that the standards that are being developed at EU level align with pre-existing certification frameworks, based on the best existing standards protocols (Gold Standard, VCS, Low Carbon Label...) and continue to improve the requirement of their metrics. In particular, it is necessary to go beyond the "carbon-centric" approach to take into account the contribution of these projects to the SDGs, or at least to a large selection of them, in their qualification. In particular, it is imperative that these projects do not lead to the erosion of the written and unwritten rights of local communities in the territories where these projects are developed. • Consequently, it is imperative that offset operators, whether regulatory or voluntary, ensure that they select only projects that are labelled or certified at the highest level, which makes the offset more secure. • If the choice of projects must be directed towards the highest level of additionality, the legislator must also propose a mechanism for taking into account and supporting small-scale projects which, despite their intrinsic quality, do not have the possibility of entering the complex registration and verification mechanisms imposed by labelling or certification. These smaller projects are potentially more numerous and likely to generate significant co-benefits in terms of development on a territorial scale, and their agglomerated effects contribute to



			<p>greater sustainability. These "small" projects are also interesting to consider in the sense that they are more in tune with local communities. This mechanism could take the form of carbon funds managed by local actors, thus favouring the achievement of the objectives set in local planning documents (as proposed by the La Rochelle carbon cooperative).</p> <ul style="list-style-type: none"> • The voluntary market should also be encouraged because of the flexibility it allows and its greater receptivity to innovative projects. • Without calling into question the quality of projects that are mainly oriented towards tree planting, it would be interesting to encourage projects that promote energy savings and/or the production of renewable energy, considering that these two levers are powerful accelerators of the low-carbon transition. • Above all, it is becoming necessary and urgent to give significant priority to projects that prevent degradation (of plant cover, soils, fragile ecosystems), particularly via all agro-ecological approaches, as opposed to restoration projects which, however virtuous, do not slow down degradation.
4	Communication on carbon neutrality		<p>In order to make the principle of offsetting evolve favourably, the participants recommend</p> <ul style="list-style-type: none"> • To talk more about contribution (to carbon neutrality) rather than compensation, thus putting the quality of projects and the co-benefits they can generate at the centre of the game, putting carbon accounting in the background and thus discarding a line of reasoning that would make it possible to think that destroying an ecosystem on the one hand would allow this degradation to be "compensated for" by the restoration of an ecosystem elsewhere • To take up the proposals made by the WWF and the BCG proposing an approach to this contribution (to projects) based on a carbon price internal to the company committing to a carbon neutrality trajectory, thus using this internal price to define the projects to be supported and their ambitions in terms of generating credits.