CAN International

Framework on various approaches Managing possible risks: Double counting

P.O.Box: 14-5472, Beirut, Lebanon
Phone: +961.1.447192 | Fax: +961.1.448649
E-mail: administration@climatenetwork.org   web: www.climatenetwork.org

Double counting of emissions reductions

Counting the same emissions reduction twice:

e.g. both by the host country and the buyer want to count the emissions reductions in their inventories

In both the Cancun and the Durban agreements, the necessity of avoiding double counting is mentioned but not clearly defined.

Financial Double Counting

Taking credit for the financial support and at the same time for the emission reductions: e.g. buying offsets and claiming that the money paid is counted toward financial obligations

The financial flow related to the purchase of credits by one country should not be counted as a financial assistance to the host country.

Double counting of financial flows may reduce the total amount of financial support from developed countries to developing countries and thus reduce the emission reduction that could occur otherwise.

Why double counting must be avoided

Double-counting of international offsets could reduce the ambition of current pledges (A1 and NA1) by up to 1.6 billion tons CO_2e in 2020.
It could increase the ambition gap by as much as 20%.

!! Without strong internationally coordinated accounting rules, emissions reductions could be counted even more than twice! (e.g. multiple crediting systems covering the same sector (e.g. NMM and CDM)

Where mitigation double counting could occur

1. Buyers and sellers count offsets towards their reduction goals.

- If a country is purchasing emissions reductions they will count them are 'their' emissions reductions.
- However, some developing countries explicitly state that they will count international offsets from activities in their country towards their pledge.

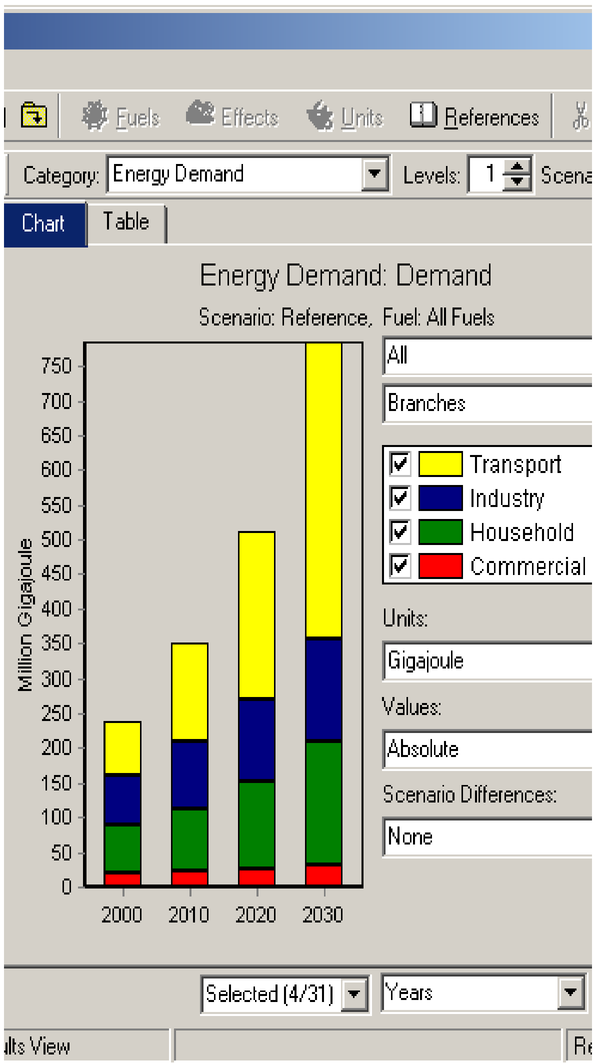
Example: CDM and NMM

CDM projects become covered by the new market mechanism (e.g. sectoral crediting, bilateral offset systems).

→When NMM takes effect CDM projects no longer receive credits.

→Under the NMM the equivalent amount of credits have to be retired that are issued under the CDM

Where mitigation double counting could occur



2. How national mitigation pledges and BAUs are defined

How national mitigation pledges are set and what they include influences the "ambition" of crediting thresholds:

Some NA1 national mitigation action pledges explicitly exclude the use of CDM credits or units from new mechanisms from their baseline scenario. This means these emissions reductions are counted by the buyer country and potentially also counted as beyond BAU action by the host country.

→ **Baseline scenarios and crediting baselines have to be set in a way that no double counting occurs.**

Where mitigation double counting could occur

3. Fraudulent activity

- The same offset credits are sold to multiple buyers.

→ Strong rules and enforcement needed

Governance and Enforcement

For any type of double counting:

- *Who checks that there is no double counting?*
- *What happens if there is double counting?*

Tools and actions to avoid double counting

Clear rules and international oversight should be put in place to ensure that double counting of both emission reduction and financial assistance is avoided.

Transparency and clear accounting:

- The use of a **common international transaction tracking mechanism** for all offsets counted towards pledge attainment, with assignment of unique serial numbers to each ton transacted or registered;
- **Clear and specific rules regarding the complementary relationship** between CDM, NMM and other regional trading mechanisms to ensure that there is no double counting.
- **A system to track various types of emission reduction activities and reduction.** Such a registry should not be limited to CDM and mechanisms covered under the Framework but also include non-market based activities and NAMAs.
- **Rules to ensure that offsets are only counted by the buyer and not by the seller.**

Goals for an effective framework

ENSURE ROBUST GOVERNANCE STRUCTURE

- An appointed UN body functions as a standards-setting organization
- All units/credits are approved by this international body
- Credits are fully accounted through a rigorous, robust and transparent common accounting framework.

DELIVER REAL, MEASURABLE, VERIFIABLE AND ADDITIONAL EMISSION REDUCTIONS

- Use of common methodologies based on the principles of: Accuracy, Completeness, Reliability, Conservativeness

SECURE NET ATMOSPHERIC BENEFITS (NET REDUCTIONS; "BEYOND OFFSETTING")

- Setting crediting baselines at levels below business-as-usual.
- Discounting (e.g. issuing systematically fewer credits from activities with business-as-usual baselines)
- Excluding types of projects/action that perpetuate high carbon fuel uses and high GHG emitting practices.

UPHOLD HUMAN RIGHTS

- A Framework should ensure that all internationally traded credits come from activities that uphold human rights.

DELIVER SUSTAINABLE DEVELOPMENT BENEFITS

- For a meaningful contribution to sustainable development, international standards and guidance should define sustainable development indicators and social and environmental safeguards.

DO NOT UNDERMINE THE GOALS OF OTHER INTERNATIONAL ENVIRONMENTAL TREATIES

- Explicit safeguards should be be put in place under a new framework that ensures that the goals of other international environmental treaties are not undermined.

CAN International

Thank you!

Contact Information

Climate Action Network International

Rmayl, Nahr Street, Jaara Building, 4th floor | P.O. Box: 14-5472, Beirut, Lebanon

Phone: +961.1.447192

Fax: +961.1.448649

www.climatenetwork.org

adminstration@climatenetwork.org