



**The Role of International Offsets in Light of
Current Annex I Emissions Reduction Targets
and Climate Financing Commitments¹**

November 2009

Climate Action Network- International is a coalition of 500 environmental and development nongovernmental organizations worldwide committed to limiting human-induced climate change to ecologically sustainable levels.

Consistency with a climate trajectory which gives us a high probability of keeping warming well below the dangerous level of 2°C requires global emissions reductions on the order of 80% below 1990 levels by 2050. To get us on a technologically feasible path to these mid-century reductions, a global peak in emissions should be achieved within 2013-2017 followed by a sharp decline thereafter.

To meet a long-term global carbon emissions budget consistent with trying to keep global temperature rise well below 2 degree C, all major emitting countries will have to dramatically reduce their emissions by mid-century. To abide by this budget, and in keeping with their historical responsibility and ability to pay for reductions, developed countries must adopt an aggregate reduction target of more than 40% below 1990 levels by 2020 and. Appropriate national targets are to be derived from this aggregate target.

In addition, developed countries should strive to meet most of their national targets through emissions reductions at home, with a limited flexibility to meet them through international action. This limited flexibility could be exercised by either accepting, up front, a higher (quantified) financing obligation and/or by using international offsets. Developed countries must also provide additional financing for their MRV obligations for mitigation and adaptation in developing countries.

The current developed country 2020 targets and finance commitments on the table are nowhere near the necessary levels. Furthermore, those developed country targets include the use of a significant proportion of international offsets. Unless Annex 1 countries ramp up their targets and finance commitments significantly, there is a serious danger of shifting an inequitable portion of the long-term emissions reductions to developing countries and jeopardizing the entire enterprise of safeguarding the climate.

A primary dependence on international offsets as a means of meeting targets cannot be the basis of long-term action from Annex 1 countries. This concern is strengthened by the experience with the current Clean Development Mechanism (CDM). There are serious indications that a significant proportion of carbon credits under the CDM do not represent true emissions reductions. This means that, without new rigorous quality criteria for offsets in national and international policy regimes, they will inevitably lead to a net increase in global emissions, and effectively weaken targets.

For these reasons, CAN-I believes:

¹ This position is not endorsed by the following organizations: Amazon Environmental Research Institute, Conservation International, Environmental Defense Fund, Natural Resources Defense Council, The Nature Conservancy and Woods Hole Research Center.

- Under the current weak developed countries' aggregate 2020 reduction target, we cannot accept the application of offsets.²
- With appropriate design, social and environmental safeguards and with sufficiently ambitious developed countries' reduction targets, offsets could play a role in a post 2012 agreement.
- As long as developed country targets fall short of ensuring that domestic emissions are reduced by at least 30% below 1990 levels by 2020, there is no room - or indeed need - for offsets.³
- A dual target system, delineating clearly between a country's domestic and international mitigation commitments, can create a clearer, more robust and fairer system for international effort sharing.
- Even under ambitious targets for industrialised countries, emissions reductions through offsets should not lead to double counting of emission reduction efforts by both developed and developing countries. Finance generated through carbon offset mechanisms must also not be double-counted against the obligation on developed countries to provide substantial, secure, predictable MRV public finance for mitigation and adaptation in developing countries.

² Union of Concerned Scientists does not endorse this statement.

³ Union of Concerned Scientists does not endorse this statement.