



ICROA Press Briefing
'What Role for the Voluntary Market?'
Monday 28th July, 12-2pm
Marketing Suite, City of London Guildhall

Summary:

'What Role for the Voluntary Market' brought together a panel, chaired by ICROA, of leading NGOs involved in the voluntary carbon market, and an audience of journalists, all of the UK ICROA members, Defra and other key industry representatives, for a briefing on the continued relevance of the voluntary carbon market. The briefing focused on the importance of carbon finance from the voluntary market, in the developing world. The briefing instigated a productive and insightful discussion, summarised below, and further ICROA briefings will be scheduled for later in the year.

1. Mark Kenber, Chair of the VCS, Director of Policy at The Climate Group.

- The voluntary carbon market may seem superfluous however the post 2012 international framework will certainly include the carbon markets; both compliance and voluntary.
- The compliance carbon market remit is very broad; EU ETS covers 27 countries, CDM covers 181 countries. There has been remarkable agreement thus far in the compliance market, however initiating change is a slow process.
- The voluntary market provides a space for developing innovative new methodologies, than can be introduced into the compliance market i.e. Forestry methodologies. The voluntary carbon market has the flexibility to focus on issues that have been dealt with less successfully by the compliance market e.g.. sustainability, which is supposed to be part of the CDM mechanism.
- One criticism of the voluntary market is the apparent abundance of standards, however very few of the existing voluntary market standards are global in scope or cover the breadth of the voluntary market. The VCS (Voluntary Carbon Standard), is designed to be used as a complimentary base standard for other standards e.g. CCB, Gold Standard and VCS are robust standards and have established registries. VCS has recently announced its registries; Caisse des Depots, Bank of New York Mellon, TZ1 and APX . The choice of 4 registries was due to the high quality of applicants for the tender and to allow different international markets to be covered by local, known organisations.

2. Ben Dixon, Ashen Awards:

- Gaining access to energy is an essential development issue for the poor; 2 billion people do not have access to electricity

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- Since 2001, the Ashden Awards has presented over 60 awards to sustainable development projects and developed a network for successful and innovative projects.
- To give a sense of scale of the benefits achieved, the 10 programmes, recognised at the most recent Ashden Awards, benefit 9 million people.
- Carbon finance can be transformational for development projects, however carbon funding needs to be easily accessible.

3. Alice Chappelle, Forum for the Future:

- The poor are the most vulnerable to the effects of climate change. The voluntary carbon market needs to engage rapidly with relevant projects and particularly with projects that have not been embraced within the compliance market.
- The voluntary carbon market has greater flexibility to develop innovative methodologies, which can subsequently be translated into the compliance market. The voluntary market also has greater scope to consider and resolve issues of adaptation and opportunities for generating better livelihoods i.e. employment.
- If the voluntary market is to flourish, it needs to be credible and robust offset standards are required, to promote that credibility. Connections need to be promoted between buyers and sellers and organisations that offset, need to publically promote the benefits of their offset projects.
- Organisations also need robust strategies to reduce internal emissions.

4. Discussion:

- Robust offset standards, such as the VCS, provide reduction and offset providers with greater assurance and allow them more scope to examine essential, non-technical aspects of offsetting i.e. human rights issues.
- Offsetting strategies may fall down the agenda in the current financial climate, if the funding for carbon neutral strategies is sourced from an ad hoc CSR budget. However companies and organisations, will be aware that, for the longer term view and in order to maintain their branding in the market place, carbon neutral strategies, which include offsetting, cannot be abandoned without repercussions.

5. Chris Shearlock, Co-op Group:

- Co-op Group has been involved in offsetting since 2000 and Co-op views offsetting as an integral part of their wider strategy going forward. A particular product offered by Co-op is bundled offset related products i.e. with mortgages.
- Co-op internal emissions were reduced to 16 000 tonnes last year (from 25 000 5 years ago).
- Co-op prefers to purchase VERS rather than CERS, particularly as the purchasing of CERS precludes bundled offset programmes.
- Leading NGOs; including WWF, Friends of the Earth and Green Peace, should take a more positive stance towards the voluntary market.
- Co-op was widely praised for spending £5 million on developing the CIS tower (Cooperative Insurance Solar Tower), which reduces 50 tonnes of carbon per annum. However approximately 5 million offsets could have been purchased with this financial investment.

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5. Discussion:

- Defra Quality Assurance Scheme update; the first stage will allow CERS (including EUAs). The second stage of the Defra Scheme, which will review the inclusion of VERS, is still under discussion. The Scheme will be launched in the next few months.
- ICROA reduction and offset providers operate internationally, so Government regulation in other markets is also relevant.
- CERS are significantly more expensive than VERS and, in the current financial climate, are likely to be less attractive to consumers.
- ICROA has been established to bring together the leading reduction and offset providers, who will adhere to the ICROA Code of Best Practice. Membership will not be open to “carbon cowboys”.
- “Offset” and “carbon neutral” might not be the most appropriate terms going forward, for the voluntary market.
- The VCS was established as a response to demand in the voluntary market, for a rigorously transparent and independent standard.
- The treadle pump initiative has been tragically misrepresented. It has actually been one of the most successful development projects and has reached 3 million people in the developing world.
- ICROA membership is likely to include the top quarter to a third of the voluntary market (currently at least 140 organisations). All members will adhere to the ICROA Code of Best Practice. The remainder of reduction and offset providers in the voluntary market are likely to be ineligible for a variety of reasons, including; cost of membership, length of time in business or being unable to meet the commitments of the ICROA Code of Best Practice.

For further information on the briefing and on ICROA, please contact Caroline Spencer at the ICROA Secretariat at cspencer@icroa.org

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