NONPROFIT COALITION ASSESSES CLEAN DEVELOPMENT MECHANISM FOR QUALITY

Offset Quality Initiative provides recommendations for reform

PORTLAND, OR and WASHINGTON, D.C.—The Offset Quality Initiative (OQI) is responding to the intensifying debate over international offsets by releasing a policy brief assessing offset quality in the Clean Development Mechanism (CDM). In the paper, titled “Assessing Offset Quality in the Clean Development Mechanism,” OQI gives the international offset program a passing grade, but named specific reforms that are necessary to ensure and improve quality moving forward.

The CDM, created as a greenhouse gas (GHG) reduction “offset” program under the Kyoto Protocol, provides developed countries an opportunity to achieve their emission reduction targets cost-effectively by investing in GHG reduction projects (“offset projects”) in developing countries. Over the past several years the CDM has been subject to a number of critiques, many of which question the program’s ability to generate high quality offsets.

“As the first large-scale offset program in the world, the CDM had to develop standards, procedures, and other infrastructure necessary to ensure offset quality. While there have been concerns about the quality of offsets, especially regarding additionality and third party verification, OQI’s analysis shows that the CDM is making improvements to address the concerns of its critics,” said Michael Gillenwater of the Greenhouse Gas Management Institute, one of six OQI member organizations. “As OQI’s recommendations are adopted, particularly those regarding additionality and third-party validation/verification, the CDM could provide quality international offset credits for use in a future U.S. cap-and-trade program.”

OQI is a coalition of six leading nonprofit organizations—The Climate Trust, Pew Center on Global Climate Change, Climate Action Reserve, Environmental Resources Trust/Winrock International, Greenhouse Gas Management Institute, and The Climate Group—that provides leadership on GHG offset policy and best practices. The group neither endorses nor opposes the CDM, but rather seeks to provide an impartial assessment through the lens of the eight offset quality criteria outlined in OQI’s 2008 white paper, “Ensuring Offset Quality: Integrating High Quality Greenhouse Gas Offsets Into North American Cap-and-Trade Policy.”

OQI writes that “CDM’s processes perform sufficiently against most of our core offset quality criteria.” The group notes that the CDM has made progress in some areas of concern, citing recent actions such as the Executive Board’s suspension of two third-party auditors for rules violations. There is still room for improvement, however, and recommendations include streamlining and standardizing additionality tools and restructuring the third-party verification system.
“High-quality international offsets have a critical, cost-saving role to play under a federal climate policy,” said Janet Peace of the Pew Center on Global Climate Change. “Policymakers, however, must be confident that offsets will yield real, lasting carbon reductions. This paper serves as a resource to help build this confidence, and we look forward to working with policymakers on effective ways to integrate offsets into reasonable climate policy.”

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**About OQI**

The Offset Quality Initiative (OQI) was founded in November 2007 to provide leadership on greenhouse gas offset policy and best practices. OQI is a collaborative, consensus-based effort that brings together the collective expertise of its six nonprofit member organizations: The Climate Trust, Pew Center on Global Climate Change, Climate Action Reserve (formerly The California Climate Action Registry), Environmental Resources Trust/Winrock International, Greenhouse Gas Management Institute, and The Climate Group.

The four primary objectives of the Offset Quality Initiative are:

- To provide leadership, education, and expert analysis on the issues and challenges related to the design and use of offsets in climate change policy.
- To identify, articulate, and promote key principles that ensure the quality of greenhouse gas emission offsets.
- To advance the integration of those principles in emerging climate change policies at the state, regional, and federal levels.
- To serve as a source of credible information on greenhouse gas offsets, leveraging the diverse collective knowledge and experience of OQI members.

The Offset Quality Initiative achieves its objectives through the development of white papers and regulatory comments, through presentations and workshops, and through meetings with key policymakers, media, and other stakeholders. For more information, please visit [www.offsetqualityinitiative.org](http://www.offsetqualityinitiative.org).