COUNCIL OF ADMINISTRATION/POSTAL OPERATIONS COUNCIL

Joint Committee 2 (Development and Cooperation)

Sustainable Development Project Group

Berne, 2 November 2010 (9.30–12.30 and 15.00–18.00), Heinrich von Stephan Hall

Feasibility study – E-learning kit
(Agenda item 4b)

1 Subject	**References/paragraphs**
Informing the Sustainable Development Project Group of the progress of the study on a carbon offset system for the postal sector, and presentation of an "e-learning kit" on the subject.	§§ 1 to 7
2 Decision expected	
The Sustainable Development Project Group is invited to take note of the progress of the study and encourage member countries to read the e-learning kit.	§ 8 and Annex 1

I. Introduction

1 Please refer to document CA C 2 SDPG 2010.2–Doc 4a.

II. The subgroup's first steps

2 Please refer to document CA C 2 SDPG 2010.2–Doc 4a.

III. Documents prepared by the subgroup

3 In order to explain its work and help member countries to understand its mission and the proposals made, the subgroup has decided to prepare two documents, a "communication kit" (explained in a separate document), and a more detailed "e-learning kit".

4 The "e-learning kit" is designed to explain, in detail:

– the context of a postal sector-based project;

– what the concept of carbon offset covers;

– existing offsetting mechanisms; and

– why such a concept could be of interest to the postal sector.

5 It is aimed at encouraging member countries to understand clearly and completely the concept of offsetting in order to support the creation of an offsetting system for the postal sector.

6 Among the key information given in this document is the following:

– Such a system could enable the UPU to offer all its members a means of offsetting their emissions, finding funding sources for projects benefiting the postal sector (directly or indirectly) in developing or emerging countries, and supporting Posts in the establishment of their own sustainable development policies and initiatives.

– The aim of this project is three-fold: to reduce postal sector emissions by offering an offsetting scheme accessible to all Posts that is based on credible and existing offsetting tools; to share costs and avoid isolated offset initiatives; and, through the financing of postal sector-based projects, to stimulate the postal activity.

– The benefits for the postal sector could be multiple: position the sector as a proactive player in the battle against climate change; be the first business sector in the world to build upon the existing offset tools (i.e. going further than the buying of carbon credits); launch a real "climate solidarity" movement, involving all UPU members, whatever their level of maturity on this issue.

– The system to be studied could benefit: developing countries, since it would enable the funding of projects in these countries (renewable energy, clean transport, afforestation/reforestation, etc.), while taking into account the challenges of climate change (adaptation and emission reduction scenario), and of sustainable development in general; and industrialized countries, since it would enable Posts to meet their internal strategic emission reduction targets, for example for buildings or transportation, as well as propose carbon-neutral commercial offers, on a voluntary basis.

7 This e-learning kit has just been made available on the UPU's web page dedicated to the environment and the fight against climate change: www.upu.int/en/activities/sustainable-development/environment/about-environment.html.

IV. Conclusion

8 The Sustainable Development Project Group is invited to take note of the progress of the study on a carbon offset system for the postal sector, and the creation of this e-learning kit in particular, and to encourage member countries to read it.

Berne, 7 September 2010

CA C 2 GPDD 2010.2–Doc 4b.Annexe 1

E-learning kit

Carbon offsetting

Study following UPU mandate received from member countries to launch further studies, within the framework of recommendation C 27/2008 and resolution C 34/2008

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E-learning plan

1 What is carbon offsetting?

2 How do I offset?

3 How could the postal sector scheme operate?

4 What are my interests? Those of the postal sector?

5 Conclusions

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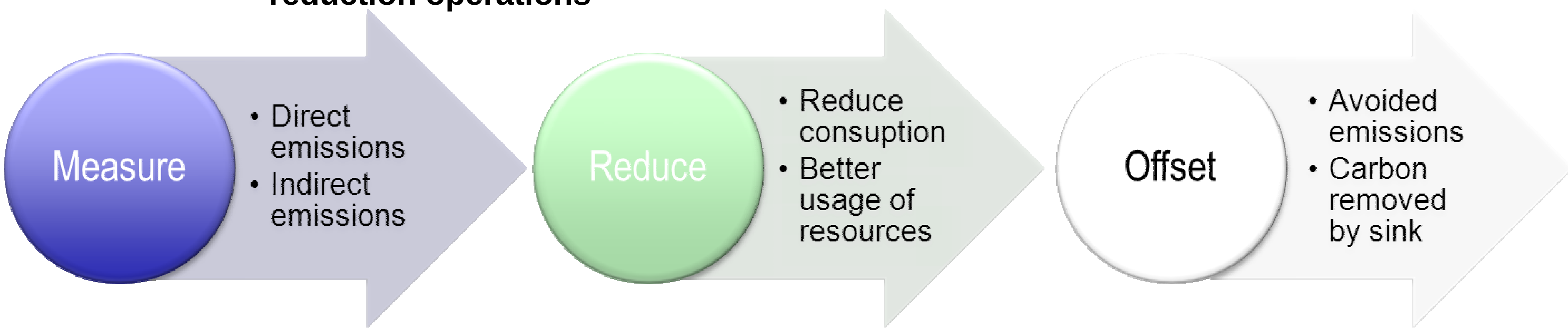
What is carbon offsetting?

- Carbon offsetting is a **process allowing greenhouse gas** (GHG) **emission reduction** by purchasing credits from emission reduction projects or carbon-trading schemes
- Carbon offsetting aims at neutralizing GHG emissions by:
  - financing projects that will lead to **GHG reduction** elsewhere in the world and generate carbon credits;
  - financing projects that will lead to **GHG sequestration** elsewhere in the world and generate carbon credits;
  - buying carbon credits generated by a project financed by someone else
    - over the counter
    - on a carbon exchange such as the ECX (London) or BlueNext (Paris)
- Carbon offsetting is part of a global process and **follows GHG emission reduction operations**

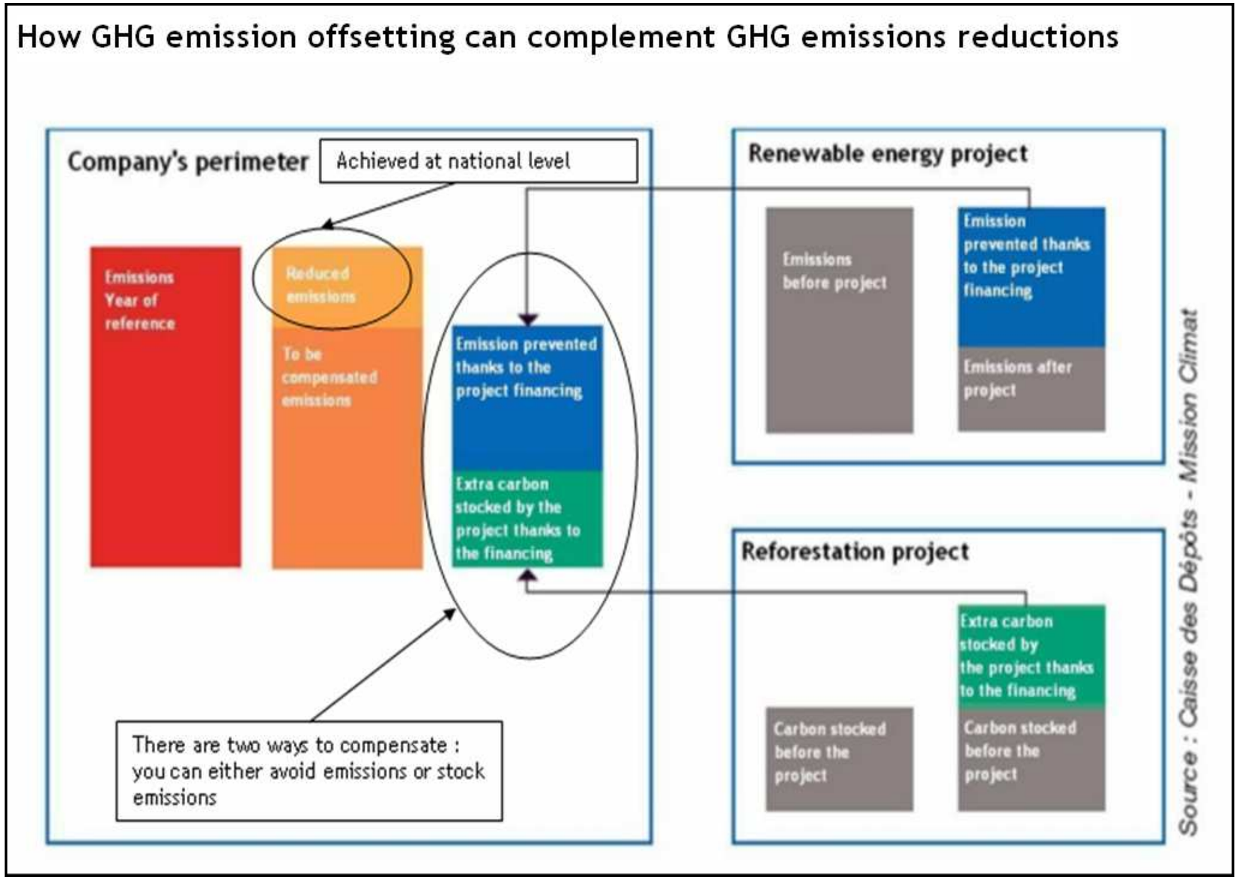


What is carbon offsetting?

For an organization, offsetting one's emissions consists, **after having measured and reduced** its emissions within its own organization **as far as is economically and technically possible**, of reducing emissions due to activities that it can not avoid, as of today, somewhere else in the world, either through:

– preventing emissions; or

– carbon capture and storage



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What is carbon offsetting?

Key concepts

Project or flexibility mechanisms	❑ mechanisms based on **UN-registered projects** ❑ governed by the **Kyoto Protocol** (hence the phrase "Kyoto project") ❑ two implementations:

Clean development mechanism (CDM)	❑ projects conducted **in developing countries** ❑ produce **UN-certified carbon credits** called "certified emission reduction units" (CERs) ❑ **North–South link**	**Joint implementation (JI)**	❑ projects **between two Annex B countries** ❑ produce carbon credits called "emission reduction units" (ERUs) ❑ The **emission reductions are transferred** from one country's national assigned amount units (AAU) to those of another country

Voluntary offsetting	❑ This refers to stakeholders who **voluntarily** and without any constraint **buy carbon credits** to take them off the market to offset their emissions ❑ Produce **voluntary emission reduction** (VER)

What is carbon offsetting?

State of play

1 **Kyoto Protocol** (signed in 1997, but not enforced until 2005)

- Follows the **United Nations Framework Convention on Climate Change** (Rio, 1992)
- Average greenhouse gas (GHG) **emissions from the 39 most industrialized countries must be reduced over 2008–2012 by at least 5%** (objectives differ from country to country) vs. 1990
- **Developing countries** not obliged to achieve any absolute emission reduction but **committed** to mitigation

2 **European Union Emission Trading System (EU ETS)**

- EU member states define emission caps consistent with their **commitments under the Kyoto protocol**
- Tradable emission permits (**European Union Allowance** or EUA) in an aggregate amount equal to the cap are allocated to installations covered by the scheme in each country
- Participation is **mandatory** for businesses in the sectors covered
- Businesses that run larger emissions than their quota (e.g. utilities) may purchase EUA from installations in the opposite situation (e.g. industrials)

What is carbon offsetting?

State of play

3 The Regional Greenhouse Gas Initiative (RGGI)

- First **mandatory**, market-based effort in the US to reduce greenhouse gas emissions
- Ten Northeastern and Mid-Atlantic states have capped and will **reduce CO2 emissions from the power sector by 10% by 2018**

4 Japan's Keidanren Voluntary Action Plan

- **Unilaterally** established In **1997** by the Japan Business Federation and 35 industries
- Gross CO2 emissions, CO2 emissions per unit, energy consumption, and energy efficiency **targets set by the industries**
- **Included** in the Kyoto Protocol Target Achievement Plan of Japan

5 New Zealand Emissions Trading Scheme (NZ ETS)

- **National** emission trading scheme (09/2008)
- **All sectors/all gases** emission trading scheme (different entry date per sector)
- Allocation per sector in reference to a **historic basis** (fishing: 90% of 2005 allocation) or to an **output intensity basis**

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How do I offset?

Identification

- **List the contractable projects** both in developed and developing countries (CDM, JI and voluntary offsetting but, benefiting the postal sector)
- **Choose the projects** to be financed by the scheme

Finance

- Create and **validate** the financial plan

Develop

- **Initiation** of the project
- **Implementation** of the GHG saving project

Credits

- **Get the carbon credits from the project**
- Register the credit on a book and retire them (**Offsetting** as such)
- **Sell potential extra credits**

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How do I offset?

How do the different project type compare?

<table>
<tr><th></th><th>Clean mechanism project</th><th>Joint implementation</th><th>Voluntary offsetting</th></tr>
<tr><td>Where is the project?</td><td>Emerging countries</td><td>Developed countries</td><td>All over the world</td></tr>
<tr><td rowspan="2">What are the characteristics of the project?</td><td colspan="2">• Respect the local sustainable development objectives
• Contribute to biodiversity preservation and to sustainable use of natural resources</td><td rowspan="2">Depends on the standard of the project (*).</td></tr>
<tr><td>• Receive a letter of approval from the DNA</td><td></td></tr>
<tr><td>What are the characteristics of the GHG reduction?</td><td colspan="2">• Real, measurable (therefore transferable to the investing entity) and permanent
• Additional i.e. would not have existed in the absence (baseline scenario) of the project</td><td>Depends on the standard of the project (*).</td></tr>
<tr><td rowspan="2">Where do the carbon credits come from?</td><td colspan="3">Quantity of GHG emissions prevented or stocked.</td></tr>
<tr><td></td><td>From the national assigned amount units (AAUs) of the country hosting the project</td><td></td></tr>
<tr><td>What do I get?</td><td>Certified emission reduction unit (CER)</td><td>Emission reduction unit (ERU)</td><td>Voluntary emission reduction (VER)</td></tr>
</table>

(*) See Appendix slides for a detailed presentation of some existing standards.

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E-learning plan

How could the postal sector scheme operate?

Different offsetting options have been considered: a mutual offset fund comes out as the most suitable solution

Options	Benefits	Challenges
Postal sector-wide emissions trading scheme	Reliance on partially existing instruments and infrastructures	– More difficult to explain to the general public, or even to member Posts – Potentially complex to implement and administer – Requires careful cost analysis
Mutual offset fund with in-house management	– Opportunity to build capacity internally – Enhanced visibility for the UPU acting as asset manager – Better control of investment decisions vs third party management – Postal sector knowledge readily available	– Involves setting up and operating an asset management arm – Involves regulatory approval and registration – Potential lack of internal expertise or experience in asset management – Requires careful cost analysis
Mutual offset fund with management sub-contracted to third party	– Relative ease of implementation – Quick to set up – Ability to rely on the expertise and credibility of an established carbon market player, while at the same time getting familiar with the asset class – Cost effective, if fees properly negotiated	– Selection of a suitable partner – Potential lack of postal sector track record by third party – Management/performance fees to be paid to third party to be carefully negotiated – Alignment of interest to ensure that third party manages the fund in compliance with UPU specifications and objectives (governance and suitable incentives are key)

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How could the postal sector scheme operate?

General principles of a compensation mutual fund

Sector development
- Green technology transfer
- Know-how
- Use of cheap yet efficient GHG emission reduction technologies

Larger choice of offsets
- Possible choice on delivery timeline, labels and prices of offsets delivered as well as on the fund's involvement in the projects

Potential fund management auto-financing
- Partial reinvestment of Offsets benefits in the fund management

Existing tools
- CDM / JI
- Voluntary offsetting schemes

Voluntary participation
- No interference with national policies

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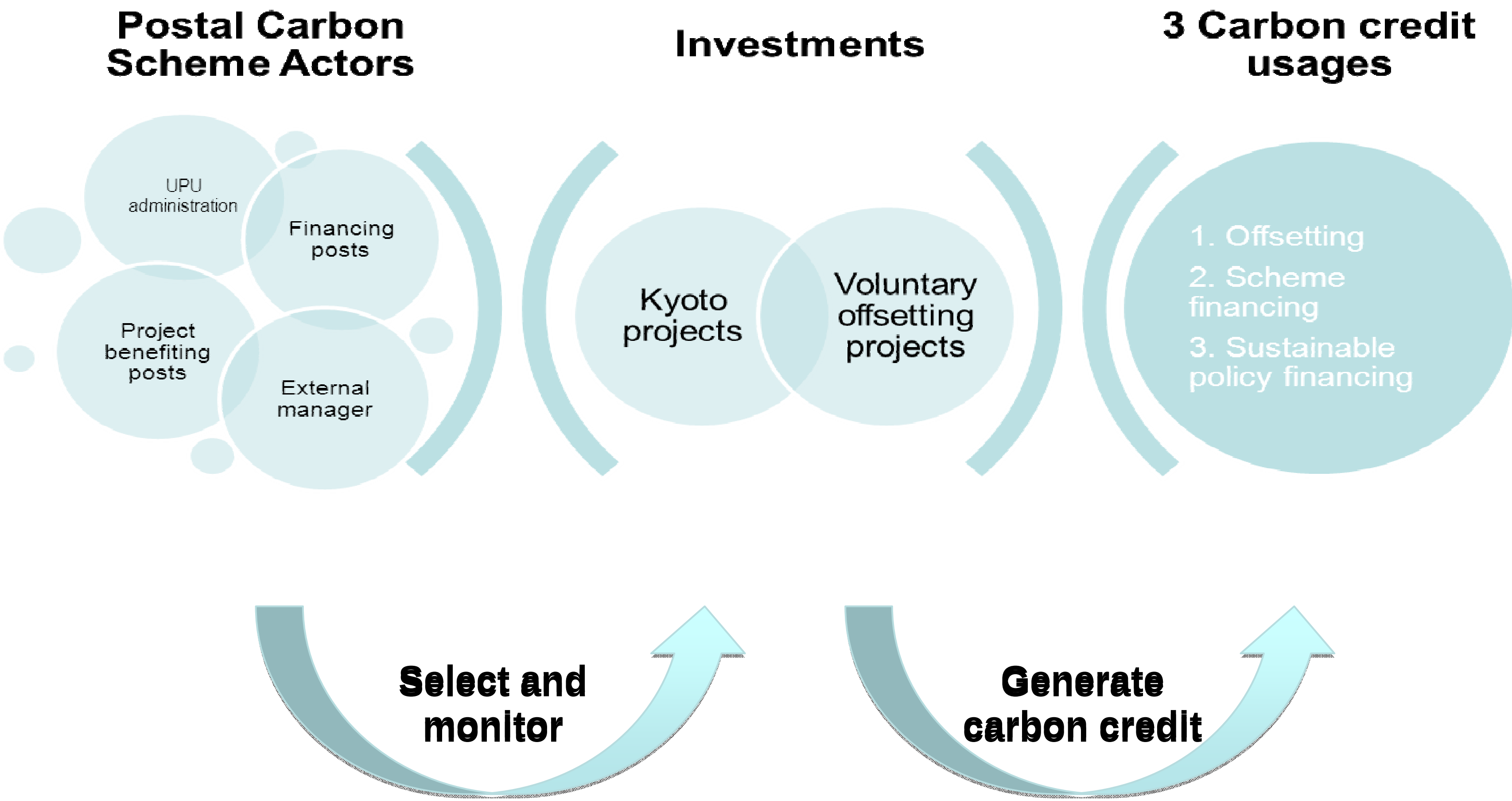
How could the postal sector scheme operate?



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Why should I join the scheme?

- **Why should an investing Post join the scheme?**
  - Reach the goals fixed by corporate strategies (internal strategy)
  - Commercial offer of carbon neutral product lines (added value)
  - Scheme management costs mutualized
  - Project risk diversification through portfolio approach
  - Help develop postal activities in depressed areas through projects (local economic development)
- **What are the benefits for a Post in proposing a project under the scheme?**
  - Have a voice in the process by proposing projects to the selection committee
  - Benefit from the implementation of green technologies in your country/business
  - Social, economic and environmental co-benefits (technological transfer & biodiversity protection)
- **What are the benefits for a Post from a beneficiary country in joining the scheme?**
  - As a consequence of new and green infrastructure:
    - offer a better quality of service
    - benefit from a growing market
  - As a consequence of a developing economy, benefit from a growing market

Why should I join a scheme?

- **What are the advantages of a sector-based scheme?**
  - Improved credibility (qualitatively and quantitatively)
    - both as a company and as a sector, by showing solidarity and a willingness to voluntarily self-regulate their GHG emissions, thus making a favourable impression on external stakeholders (including those in charge of GHG emission reduction projects)
  - Limit the choice of projects to those benefiting (directly or indirectly) the postal sector

- **What are the advantages of a scheme?**
  - Wider impact in terms of offsetting and combating climate change
  - Wider communication coverage
  - Wider, more diversified pool of projects as a consequence of a larger monetary asset
  - Cost reduction due to management cost mutualization

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Conclusion

The postal sector offsetting scheme aims at a four-win solution

WIN for a post of a beneficiary country	• Support for a sustainable development implementation • Cleaner energy production technology • Local economic development (including postal sector) • Green technology know how
WIN for the investing post	• Credits for structural GHG emissions reduction • International postal industry development opportunity • Cost reduction of offsetting due to management cost mutualisation
WIN for the postal sector	• Seen as a positive actor of climate change problem tackling • Anticipation of new regulations • Help protect the territories on which postal activities are developed • Growing solidarity between the member countries
WIN for the Global Environment	• Climate change tackling • GHG Emissions reduction and carbon removal by sink • Environmental co-benefits • Better living conditions of local population

If you would like more information you can consult the:

– Glossary of terms click here
– Comprehensive comparison of carbon offset labels click here
– FAQ click here

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If you have any further question please contact:

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or

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Glossary of terms

- **Afforestation**: "Afforestation" is the direct human-led conversion of land that has not been forested for a period of at least 50 years to forested land through planting, seeding and/or the human promotion of natural seed sources.

- **Annex 1 countries**: Annex 1 to the United Nations Framework Convention on Climate Change (UNFCCC) sets out a list of developed country parties and economy-in-transition parties that commit themselves under article 4 to achieving certain quantified emission limitation and reduction objectives. If they have ratified the Kyoto Protocol, these parties can authorize the participation of entities in CDM projects, but are not eligible to be host parties.

- **Assigned amount unit (AAU)**: Assigned amount units (AAUs) are units issued by parties to the Kyoto Protocol in their national registry up to their assigned amount, calculated by reference to their base year emissions and their quantified emission limitation and reduction commitment (expressed as a percentage).

- **Certified emission reduction units (CER)**: A "certified emission reduction" or "CER" is a unit representing one tonne of carbon dioxide-equivalent (CO2-e), sequestered or abated using global warming potentials. They are issued to CDM project participants and are the tradable units of the CDM.

- **Clean development mechanism (CDM)**: The clean development mechanism (CDM) is one of the three flexible mechanisms contained in the Kyoto Protocol. It allows entities from Annex 1 (developed) parties to develop emission-reducing projects in non-Annex 1 (developing) countries, and generate tradable credits corresponding to the volume of emission reductions achieved by that project.

Glossary of terms

- **Designated national authority (DNA)**: The designated national authority (DNA) is the body granted responsibility by a party to authorize and approve participation in CDM projects. The CDM rules provide only limited guidance on the role of the DNA or the requirements for establishing a DNA. These issues are instead left to the party to determine.

- **Designated operational entity (DOE)**: Designated operational entities (DOEs) are independent auditors that assess whether a potential project meets all the eligibility requirements of the CDM (validation) and whether the project has achieved greenhouse gas emission reductions (verification and certification). They are accredited by the CDM Executive Board and designated by the COP/MOP to perform these functions, according to their expertise.

- **Emission reduction unit (ERU)**: A unit issued pursuant to the relevant provisions in the annex to decision 13/CMP.1 and equal to one metric tonne of carbon dioxide (CO2) equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with article 5 of the Kyoto Protocol.

- **Letter of approval**: Written approval from a party involved (called the letter of approval) is the authorization from that country for the participation by a project participant in the proposed project activity; obtaining a letter of approval is a requirement for registration of a project activity under the CDM.

- **Greenhouse gas (GHG)**: Natural and industrial gases that trap heat from the earth and warm the surface. The Kyoto Protocol restricts emissions of six greenhouse gases: natural (carbon dioxide, nitrous oxide, and methane) and industrial (perfluorocarbons, hydrofluorocarbons, and sulphur hexafluoride).

Glossary of terms

- **Joint implementation (JI)**: An agreement between two Annex 1 parties whereby one party struggling to meet its emission reductions under the Kyoto Protocol earns emission reduction units from another party's emission removal project. The JI is a flexible and cost-efficient way of fulfilling Kyoto agreements while also encouraging foreign investment and technology transfer.

- **Non-Annex 1 countries**: Countries that are parties to the Kyoto Protocol but are not listed in Annex 1 to the UNFCCC are known as non-Annex 1 Parties. These are generally developing countries that are eligible to be host parties for CDM projects.

- **Project design document (PDD)**: The project design document (PDD) is the key document involved in the validation and registration of a CDM project activity. It is one of the three documents required for a CDM project to be registered, along with the validation report from the designated operational entity (DOE) and the letter of approval from the designated national authority (DNA).

- **Reforestation:** "Reforestation" is the direct human-led conversion of non-forested land to forested land through planting, seeding and/or human-led promotion of natural seed sources, on land that was forested but has been converted to non-forested land.

- **Voluntary emission reduction (VER)**: A reduction of one tonne of greenhouse gas (GHG) carbon equivalent below a defined baseline or regulatory requirement. VERs allow GHG emitters to "balance" emissions of GHGs produced in one place by procuring GHG reductions from somewhere else (whether next door or around the world), thus meeting either voluntary or mandatory emission reduction targets.

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Carbon offset comparison

Source: a 2009 Dutch Ministry of Housing, Spatial Planning and the Environment evaluation of carbon credit standard study.

The study is available here

A more comprehensive study by the WWF Germany made in 2008 (therefore not always up to date) can also be found here.

Standard	Process validation				Content validation					Quality verification				
	Check on validation reports	Spot-check activities	Selection auditors	Stakeholder consultation	Additionality tests	Baseline scenario	Leakage	Sustainability	Extending crediting period	Check on verification reports	Validation and verification by different auditors	Registration	Availability credits	Permanence (LULUCF)
Gold standard	=	-	=	=	=/+	=	=	+	=	=	=	=	-	N/A
VCS	-	-	=/-	=	=	-	=	-	-	-	?	*	+	-
VER+	-	-	=	=	=	=	=	-	=	-	-	=	-	-
VOS	-	-	=	=	=	=	=	=	=	-	=	*	-	-
CCX	=	-	?	-	-	?	-	+	+	=	-	=	-	-
CCBS	-	-	=	=	=	?	=	+	N/A	-	-	-	N/A	-
Plan Vivo system	-	-	?	=	=	?	=	+	+	-	-	=	N/A	-

Notes:

For all criteria, except availability:

"-" indicates that the quality of the standard is worse than CDM.

"=" equal to CDM.

"+" better than CDM.

"?" indicates that the quality is difficult to compare to CDM.

"*" indicates that no registration exists at this time, but that it is being planned.

"N/A" indicates that no data were available.

In the case of availability, the signs should be interpreted as follows: "-" indicates that credits validated under this particular standard are less available than CDM credits.

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FAQs

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What is a greenhouse gas?

Greenhouse gases are those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of infrared radiation emitted by the earth's surface, the atmosphere, and clouds. This property causes the greenhouse effect. Water vapour (H_2O), carbon dioxide (CO_2), nitrous oxide (N_2O), methane (CH_4), and ozone (O_3) are the primary greenhouse gases in the earth's atmosphere. Moreover, there are a number of entirely man-made greenhouse gases in the atmosphere, such as the halocarbons and other chlorine- and bromine-containing substances, dealt with under the Montreal Protocol. Besides CO_2, N_2O, and CH_4, the Kyoto Protocol deals with the greenhouse gases sulphur hexafluoride (SF_6), hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs).[1]

[1] Source: IPCC Glossary

FAQ List

What is the greenhouse effect?

Greenhouse gases effectively absorb infrared radiation emitted by the earth's surface, by the atmosphere itself, due to the same gases, and by clouds. Atmospheric radiation is emitted in all directions, including downward to the earth's surface. Thus greenhouse gases trap heat within the surface-troposphere system. This is called the "natural greenhouse effect". Atmospheric radiation is strongly coupled to the temperature of the level at which it is emitted. In the troposphere, the temperature generally decreases with height. Effectively, infrared radiation emitted to space originates from an altitude with a temperature of, on average, -19℃, in balance with the net incoming solar radiation, whereas the earth's surface is kept at a much higher temperature of, on average, +14℃. An increase in the concentration of greenhouse gases leads to an increased infrared opacity of the atmosphere, and therefore to an effective radiation into space from a higher altitude at a lower temperature. This causes a radiative forcing, an imbalance that can only be compensated for by an increase in the temperature of the surface-troposphere system. This is the "enhanced greenhouse effect." [1]

[1] Source: IPCC Glossary

FAQ List

What is offsetting?

Carbon offsetting is the process of reducing greenhouse gas (GHG) emissions by purchasing credits from others through emission reduction projects, or carbon trading schemes.

Carbon offsetting aims at neutralizing GHG emitted by:

- financing projects that will lead to GHG reduction somewhere else in the world and generate carbon credits;
- financing projects that will lead to GHG stocking (? – check if this is correct) somewhere else in the world and generate carbon credits;
- buying carbon credits generated by a project financed by someone else:
  - over the counter
  - on a carbon exchange such as the Chicago Climate Exchange or BlueNext.

Carbon offsetting is part of a global process and follows GHG emission reduction operations.

FAQ List

What are the different offsetting systems? (1/2)

1 Kyoto Protocol and CDM/JI mechanisms: Mechanisms based on UN-validated projects. They are governed by the Kyoto Protocol (hence the phrase "Kyoto project") and can take the form of one of the following implementations:

a CDMs: projects conducted in developing countries, producing UN-certified carbon credits called "certified emission reduction units" (CER). They constitute a strong North–South link

b JIs: projects between two Annex B countries that produce carbon credits called "emission reduction units" (ERU) which are transferred from one country's national assigned amount units (AAU) to those of another.

2 EU ETS: The European Union Emissions Trading Scheme (EU ETS) is a mandatory cap and trade programme, which allows operators the use of compliance carbon credits from Kyoto project-based mechanisms (clean development mechanism and joint implementation), up to a certain limit.

What are the different offsetting systems? (2/2)

3 Voluntary offsetting (or compensation): This refers to stakeholders who voluntarily and without any constraints buy carbon credits to take them off the market to offset their emissions; these credits originate from projects that produce voluntary emission reduction (VER).

4 Some other experiences:

a The Regional Greenhouse Gas Initiative (RGGI) is the first mandatory, market-based effort in the United States to reduce greenhouse gas emissions. Ten Northeastern and Mid-Atlantic states have capped and CO2 emissions from the power sector and will reduce **them** by 10% by 2018.

b The NSW Greenhouse Gas Abatement Scheme established in 2003 by New South Wales (NSW) to reduce emissions by requiring electricity generators and large consumers to purchase NSW greenhouse gas abatement certificates (NGACs).

FAQ List

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What are the different project type strengths and weaknesses (*)?

	Strengths	Weaknesses
Clean development mechanism (CDM)	– Huge potential for both Annex 1 countries (new clients/partners, environmental leadership image) and non-Annex 1 countries (clean technology, economic, social and environmental development) – Good prospects (still a lot of potential projects in newly-industrialized countries) – CERs are widely recognized carbon credits	– Limited infrastructure in developing countries – Financial investments can be important – Long time from PIN to CER issuance – Uncertain post-2012 regulatory regime
Joint implementation (JI)	– Real potential for both host countries and investing countries (ditto CDM) – Good prospects (still a lot of potential projects in newly industrialized countries to meet emission cap)	– "Hot air" issue – JI vs. domestic project competition. – Very uncertain post-2012 regulatory regime
Voluntary offsetting	– More project types are possible – VERs are of heterogeneous quality – Gold standard better than plain CER	– Some standards are not so stringent (but then the credit price is lower)

FAQ List

(*) As taken from Axis alternative study presented to UPU member countries in

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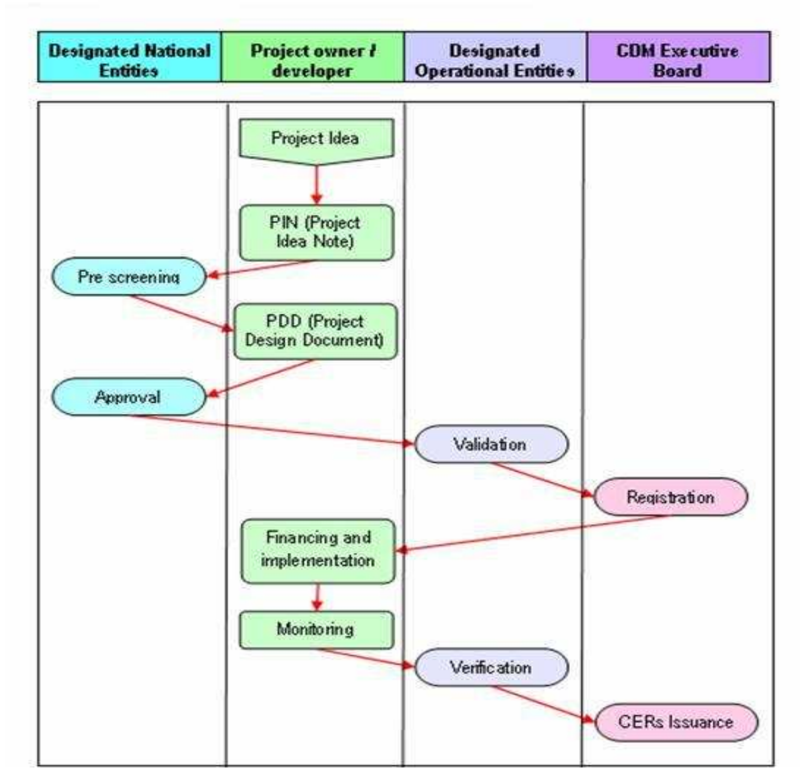
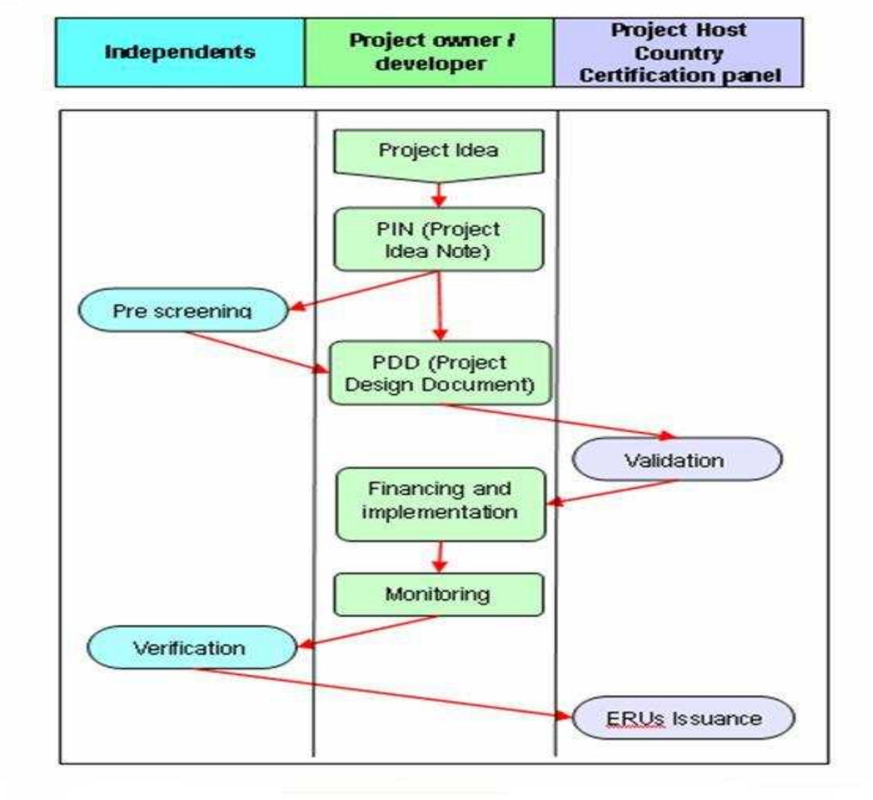
FAQs

What are the process for accrediting a flexibility mechanism project?

Clean development mechanism



Joint implementation → 2 tracks



[FAQ List]

Are Carbon offsets merely a means to reduce guilt?

Investing in carbon offsets and renewable energy is a good way to offset the CO_2 pollution that is created through personal and professional activities. The offset contributions stimulate demand for renewable energy, increase energy efficiency, and provide incentives for increased production of renewable energy.

Offsetting energy is not an excuse to pollute. It is a way to take responsibility for the pollution that cannot be avoided. It is part of the global process (identify and measure, reduce and offset) of reducing environmental impact. Therefore, the first steps must be towards reducing consumption, increasing energy efficiency and reducing waste production as much as possible, and then offsetting part or all of the remaining CO_2 equivalent emitted.

FAQ List

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FAQs

What about afforestation and reforestation offsets?

The Milan Conference of the UN Framework Convention on Climate Change (COP9) has established that in order to account for the non-permanent nature of carbon storage in forests, the credits awarded for those projects expire after a pre-defined period, after which the buyer needs to replace them.

As a result, there are very few implemented CDM afforestation or reforestation (A/R) projects even if they could be seen as an incentive to protect against deforestation, which contributes significantly to climate change.

Apart from CDMs, A/R projects are also accredited by CCBS (Climate, Community and Biodiversity standard – www.climate-standard.org) for large projects and Plan Vivo (www.planvivo.org) for smaller projects.

FAQ List

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FAQs

Why offset?

The greenhouse effect is a natural phenomenon, but has dramatically increased with industrialization and now causes climate change

Climate change impacts populations/health/security… but also economies

Why should Posts offset?

- Taking responsibility as operators for protecting territories in which we conduct activities
- Anticipating potential new regulations
- Being proactive as a sector
- Helping Posts meet carbon neutral targets
- Easily offering carbon neutral products and services
- Reducing postal sector emissions globally

FAQ List

FAQs

How and why is the UPU involved?

No obligation to offset, but an entire programme dedicated to measuring and reducing emissions

Fight against global warming requirement from member countries through recommendation C 27 and resolution C 34/2008

A voluntary scheme to create climate solidarity (especially but, obviously, not only)

Moreover, the UPU is the only governance structure or association that:

– can bring the developing, transition and developed Posts together and push forward such a ground-breaking concept;
– provides the appropriate levels of transparency and neutrality needed for such a concept to become an operating initiative, allowing all countries to join.

FAQ List

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FAQs

What are the benefits of a sector-based scheme?

- First, there are some advantages in gathering together different actors within a common scheme, e.g.:
  - wider communication coverage
  - wider choice of projects as a consequence of greater financial resources
  - cost reduction due to management cost mutualization
- Secondly, there are some advantages in a sector-based scheme. e.g.:
  - offering greater credibility:
    - both as an individual company and as a sector, being active players in tackling climate change, showing solidarity and a willingness to voluntarily self-regulate their GHG emissions, and consequently:
    - for external stakeholders including those in charge of GHG emission reduction projects
  - Power to limit the choice of projects to those benefiting the postal sector at large

FAQ List

How could the UPU offsetting scheme work?

The way the scheme will work remains to be decided, however; depending on the upcoming studies and on the CA decision, the UPU offsetting scheme could follow a number of working rules, which could include:

- financing by Posts (on a voluntary basis)
- investing the budget (according to a charter)
  - CDM/JI
  - voluntary offsetting projects
- projects release carbon credits (ERUs/CERs) and voluntary emission reduction
- schemes distribute requested amounts of offsets to financing Posts
- surplus sold on carbon markets
- proceeds used to
  - finance the management of the scheme
  - finance the definition and implementation of a sustainable development policy (including GHG emission reduction) in non-financing Post members of the scheme unable to afford it

FAQ List

FAQs

Will the scheme work differently for Posts in the developing, transition and developed countries?

Differences between Posts will be more in terms of:

- Posts willing to offset part or all of GHG emissions, therefore financing the scheme
- Posts in project host countries

However, it remains possible for a financing Post to present a series of projects for the scheme management to select from, thus possibly benefiting from some funding for GHG emission reduction-related projects.

FAQ List

Will the UPU manage the offset scheme?

The way the scheme will work remains to be decided, however, depending on the forthcoming studies and on the CA decision, the UPU offsetting scheme could be managed by a third party selected through the UPU's tender process, governed by an executive committee and dedicated bodies such as ethical, project selection or financial committees. The committees could be made up as follows, for example:

Executive Committee
- one member from each Restricted Union
- Chairs from the scheme's other committees,
- Ethical Committee,
- Project Selection Committee,
- Finance Committee,
- UPU Chair (or a representative)

Ethical Committee:
- a UNEP member
- a UNDP member
- a World Bank member
- an environmental NGO
- an anti-corruption NGO member
- an IPCC representative
- a WBCSD representative
- the Chair of the UPU Sustainable Development Group

Project Selection Committee
- a World Bank representative
- a banker from a scheme member
- about five experts from the Restricted Unions

Finance Committee
- one member from each Restricted Union
- representative from the scheme's financial partners

FAQ List

UNIVERSAL POSTAL UNION

FAQs

Will the scheme produce accredited offsets?

The way the scheme will work remains to be decided, however; depending on the forthcoming studies and on the CA decision, the UPU offsetting scheme could be offering offsets accredited by various organizations. They could include (among others): CDM gold standard/VCS/VER+/CCBS

Standards	Project types	Co benefits (vs CDM)	Price (vs CER)
CDM	All except REDD*, new HFC and nuclear	=	n/a
Gold Standard	Energy efficiency and renewables	+	More expensive
VCS	All except HFC	-	Cheaper
VER+	Similar to CDM except large hydro	+	Cheaper
CCBS	Land use, land use change and forestry**	+	Cheaper

* REDD = reduced emissions from degradation and deforestation

** LULUCF = bio-sequestration

FAQ List

UNIVERSAL POSTAL UNION

FAQs

Why will the scheme also offer indirect benefits to the postal sector?

The first series of benefits for the postal sector will be directly related to the choice of projects the scheme will finance and get carbon credit from; but alongside those direct benefits, the scheme will generate indirect benefits.

The indirect benefits of the scheme will be threefold:

– the development and creation of new businesses alongside the creation of wealth will generate extra business

– the development of infrastructure will ease postal business and give access to new areas

– the postal sector will receive an image boost as a result of the positive action it has taken to tackle climate change

FAQ List

What are the next steps and the timeline?

The next steps will be presentation of the projects to UPU members, then the UPU will initiate some studies, including a series of questionnaires to evaluate quantitatively and qualitatively the potential financial investments along with potential offsets need and, in a later phase potential projects proposing posts.

In the end a business plan will be presented at the next UPU CA in November 2010.

FAQ List

Why should I join the scheme? (1/2)

Why should an investing Post join the scheme?

- Commercial offer of carbon neutral product lines (added value)
- Reaching goals fixed by corporate strategies (internal strategy)
- Commitment to benefiting project host countries through sustainable development improvements (technological transfer and biodiversity protection)
- Helping develop postal activities in depressed areas by financing dedicated projects (local economic development)

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FAQs

Why should I join the scheme? (2/2)

What are the benefits for a Post in proposing a project under the scheme?

- Be at the heart of the project-selection procedure by selecting the projects to be proposed to the selection committee
- Benefit from the implementation of green technologies in your country/ business

What are the benefits in joining the scheme for a Post from a beneficiary country?

- Offer a better quality of service as a consequence of a new, green infrastructure
- Benefit from a growing market as a consequence of a new, green infrastructure
- Benefit from a growing market as a consequence of a developing economy
- Outright cost reduction through improved fuel management and energy efficiency

FAQ List

UNIVERSAL POSTAL UNION

FAQs

How do I get involved?

During the first stage of the studies, simply indicate your interest to any of member of the subgroup, in particular to the Co-Chairs (GB and France) and the UPU, and possibly designate someone to participate in the subgroup's meetings.

When a decision is taken about a scheme and the way it operates, all necessary information will be made available to UPU members.

FAQ List

UNIVERSAL POSTAL UNION

FAQs

Who are the subgroup members?

Great Britain (Chair)	Ms Sylvie Sasaki (sylvie.sasaki@royalmail.com) and Mr Martin Blake (martin.blake@royalmail.com)
UPU	Ms Anne-Claire Blet (anne-claire.blet@upu.int)
Australia	Ms Debbie Spring (debbie.spring@auspost.com.au)
Cameroon	Ms Mireille Ndancha (mireillendancha@yahoo.fr)
China (People's Rep.)	To be designated
Denmark	Mr Soren Boas (sob@post.dk)
France	Ms Stéphanie Scouppe (stephanie.scouppe@laposte.fr)
Hungary (Rep.)	Mr Laszlo Levente (laszlo.levente@posta.hu) and Ms Anna Varga Botos (Anna.VargaBotos@posta.hu)
Indonesia	Ms Ariyani Akhmad (ariyaniakhmad@yahoo.com)
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