

Factsheet Market Survey on Voluntary Offsetting

1 Supply-side of offsetting services

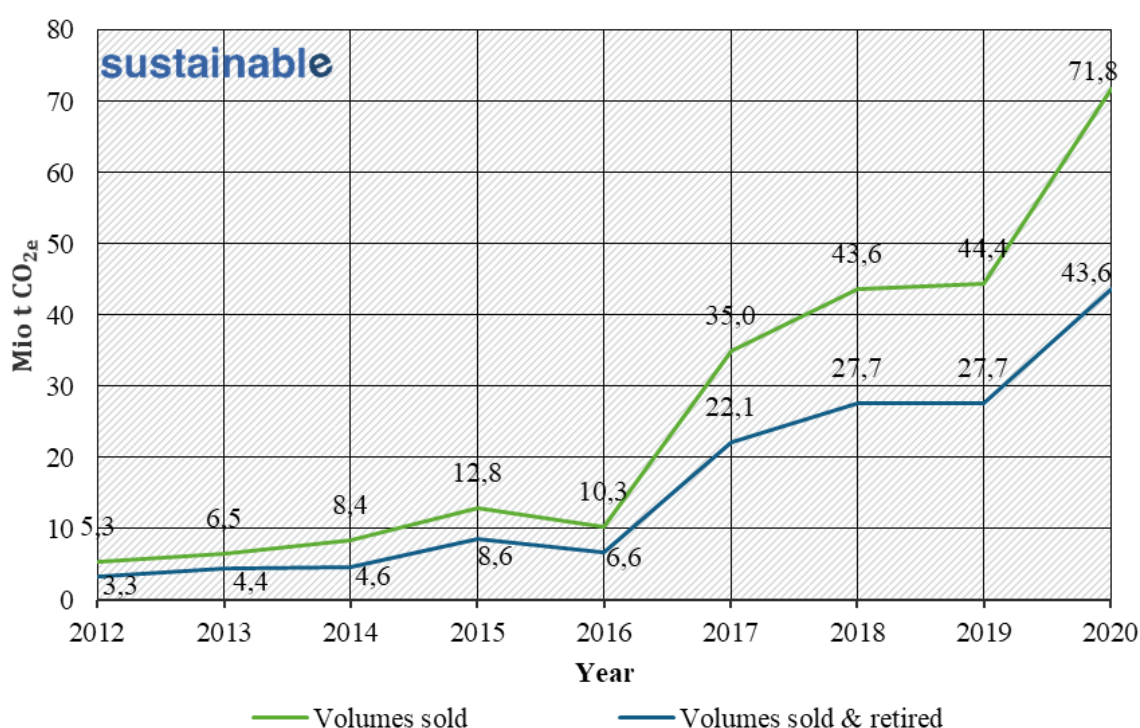
Background

35 providers participated in the online survey on the carbon offset market in Germany in 2021. Additionally, **9 semi-structured interviews** were conducted with selected providers in order to query qualitative aspects and quantitative indicators (Note: The selection was made based upon the volume sold and time period). The results show a **growing number of players on the market**. What is more, a **successive expansion of the providers' business models** can be observed. In **addition to trading in** offset certificates, providers increasingly offer consulting services for the **development and implementation of climate and sustainability strategies**. Providers on the German market mainly serve a clientele from the service, energy, industry and food production and trade sectors. Often, providers concentrate on specific **industries, with which a large part of the turnover is generated**.

Certificate volumes

The **volumes of** certificates sold, as well as sold and retired certificates for the voluntary offsetting of greenhouse gas emissions, increased **significantly in the years 2017-2020**—a trend that **will continue in 2021**, as was confirmed by providers during the semi-structured interviews regarding certificates sold and retired so far in 2021.

Figure 1: Voluntary offset certificates sold as well as sold and retired in Germany from 2012 to 2020



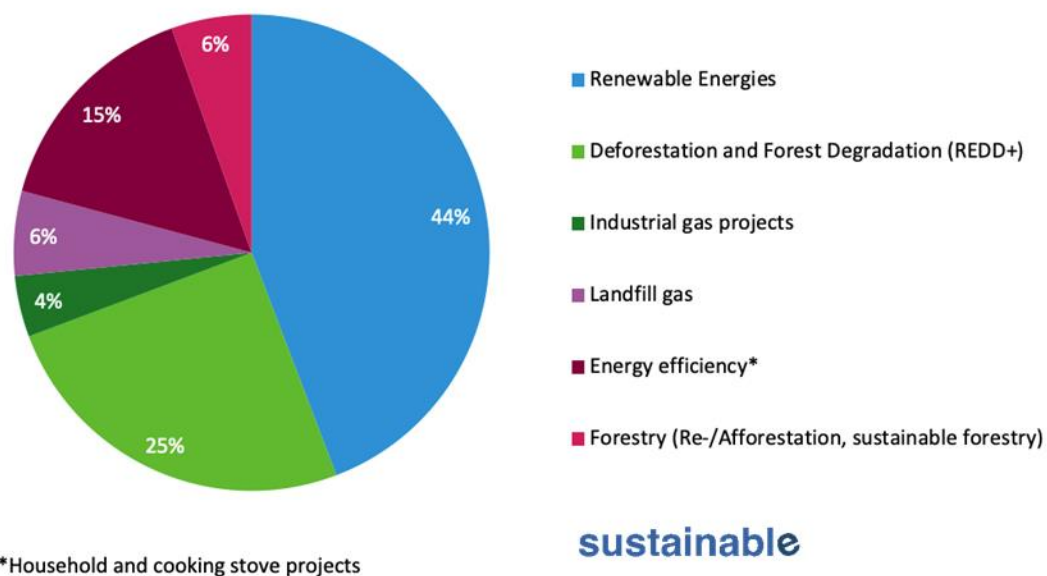
Average price of the certificates

The **volume-weighted average prices** across all quality standards have **risen in** recent years. In the period 2017 - 2020, Gold Standard CER cost 5.20 euros, Gold Standard VER 3.78 euros, Verra/VCS & CCBS 2.72 euros and Verra/VCS 1.44 euros.

Distribution of volumes

The volumes are distributed among the **project types**: Renewable Energy, Forest Conservation Projects (REDD+), Forestry, and Household and Cooking Stove Projects (Energy Efficiency Projects). In the **quality standards**, Verra/VCS, Verra/VCS & CCBS and GS VERs show the highest sales volumes.

Figure 2: Relative volume per project type, 2017-2020



Purchase decision

Positive contributions to development, such as highlighting the global Sustainable Development Goals (SDGs), are **becoming increasingly important** for customers. However, according to suppliers, **price, project technology, and quality standards have the greatest influence on purchase decision**. Less frequently, the choice is made according to the **vintage of the certificate**, i.e., the year in which the GHG reduction was realised by a project.

2 Demand side of offsetting services

Background

408 participants took part in the survey on the carbon offset market in Germany in 2021 (the largest groups of participants: 40% companies, 22% public sector, 21% private individuals). There is **no random and thus representative sample**, as the organisations were often identified precisely because of their activities in climate and environmental protection.

Motives

Two thirds of the participants voluntarily offset their greenhouse gas emissions, with **climate and environmental protection** and the **goal of climate neutrality** being the main reasons. The motives

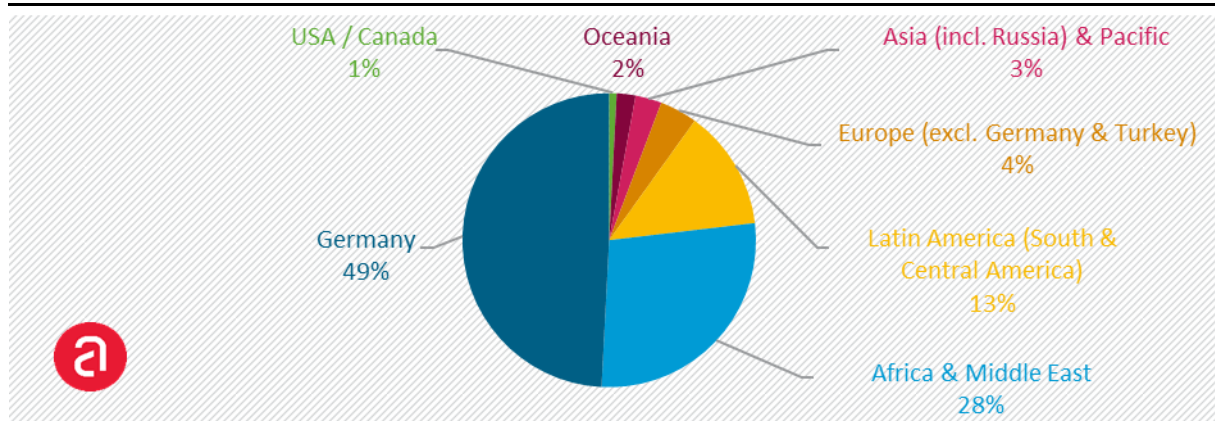
for not offsetting are that the participants aim to avoid and reduce **their emissions first** and have thus not yet taken the step of offsetting. The **lack of transparency in the market** is also often named as a reason for not offsetting.

In cases where offsetting exists, the standard under which the emission reductions are certified is particularly decisive when purchasing the corresponding certificates. **Dual certification** is considered to be of the highest quality.

Preferred projects

When it comes to the preferred country of origin, the buyers are split: On the one hand, 49% of customers would like **domestic projects in Germany** for offsetting. On the other hand, 51% of the respondents did not choose Germany as their first priority for a project host country, but ranked it significantly lower. Among the preferred project types, renewable energy projects are the most popular with 40% of the distribution, followed by forestry projects (26%), energy efficiency projects (19%) and projects in the agricultural sector (7%).

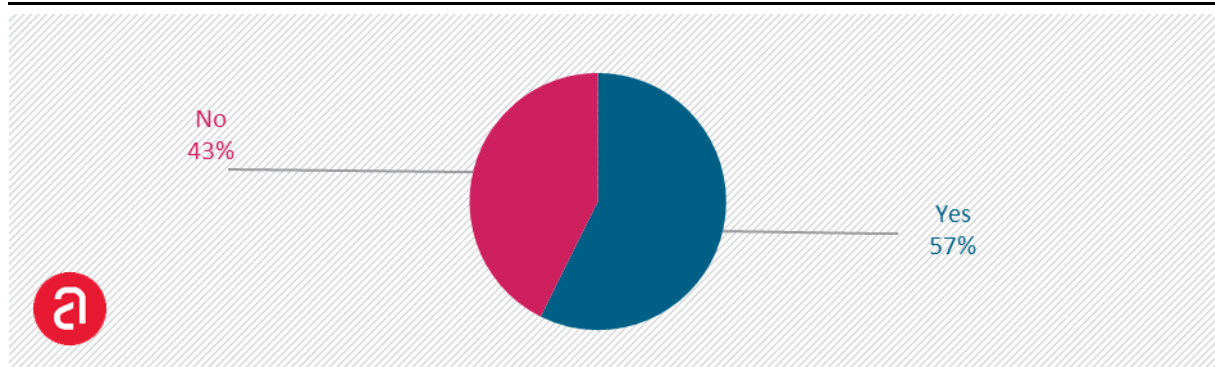
Figure 3: Preferred country of origin (1st preference)



The hurdle of double counting

Currently (*as of June 2021*), there are no international rules to prevent double claiming of emission reductions from climate protection projects. More than half of the survey participants (57%) are aware of the problem of *double claiming* of emission reductions.

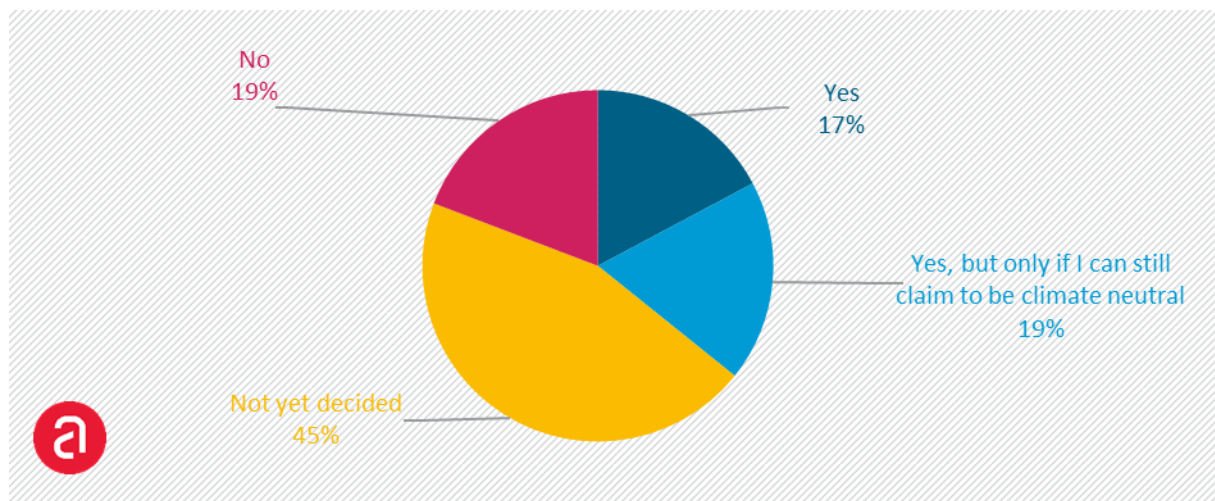
Figure 4: Awareness of the problem of double claiming of emission reductions



Paradigm shift

If it is not possible to avoid a double claim, the buyer should not offset its own emissions to claim climate neutrality. Instead, the buyer then contributes financially to fulfilling the climate goals of the project host country. This financial support can be advertised (a so-called *Financial Contribution Claim*). 17% of respondents would use this alternative and another 19% would use it under certain circumstances—when being allowed to claim climate neutrality as a consequence. Almost half of the respondents (45%) are still undecided on this point.

Figure 5: Willingness to use the *Financial Contribution Claim*



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