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Mandatory offsetting of carbon emissions for GIZ Contractors

Background:

This SoP is designed to help service providers reduce and offset their greenhouse gas (GHG) emissions in line with GIZ's principles and best practices.

1. **Adopt Ambitious GHG Reduction Targets**
    a. **Set ambitious GHG reduction targets** for your operations, ideally in line with the Science Based Targets initiative (SBTi).

2. **Follow the Principle of Avoid, Reduce, Offset:** When implementing contracts, follow this sequence:
    a. **Avoid**: Prevent GHG emissions wherever possible.
    b. **Reduce**: Implement measures to minimize emissions.
    c. **Offset**: Only offset emissions that cannot be avoided or reduced.

3. **Focus on Reducing GHG Emissions from Mobility (Especially Air Travel)**
   Mobility is often the largest source of GHG emissions. Implement the following steps to reduce emissions from travel:
    a. **Avoid or Significantly Reduce Travel Emissions**
    b. **Replace in-person meetings** with digital alternatives (e.g., virtual workshops or conferences).
    c. **Group meetings in the same country or region** to minimize travel.
4. **Optimize Travel Choices**
    a. **Book the lowest-emission class**: Opt for economy class, as business class generates significantly more emissions.
    b. **Use rail travel** for short distances instead of flying.
    c. **Choose airlines with better carbon efficiency**: Research and select airlines with more efficient aircraft and higher average load factors. Use online tools like:
        i. Atmosfair
        ii. MyClimate
        iii. Flying Less

5. **Choose the Most Carbon-Efficient Flight Routes**
    a. **Select direct flights** or routes with minimal stopovers, as these are often more carbon-efficient.

6. **Use More Sustainable Means of Transport**
    a. **Prioritize buses and trains** over flights for short trips.
    b. **Opt for public transportation** rather than private cars.

7. **Reduce Other Operational Emissions:** Beyond travel, focus on additional emission-reducing actions:
    a. **Implement energy efficiency measures** in properties (e.g., reduce energy consumption, use energy-efficient appliances).
    b. **Use renewable energy sources** wherever possible.
    c. **Adopt climate-friendly air-conditioning systems** to minimize energy use.
    d. **Promote e-mobility** by using electric vehicles for transportation.

Offsetting GHGs from Flights

If avoidance and reduction are not possible, GHG emissions from air travel must be offset.

I. To ensure credibility and quality, follow these guidelines:

✓ **High-Quality Offsetting Standards**
- **Use high-quality standards** when calculating and offsetting GHG emissions from flights. The German Federal Environment Agency (UBA) recommends the VDR standard, which accounts for all climate impacts of aviation (not just the combustion of aviation fuel).
- **Choose reputable carbon offset providers**. The Stiftung Allianz für Entwicklung und Klima (Development and Climate Alliance) has published a list of reliable standards for carbon credits. It is highly recommended to use these standards for offsetting in the context of GIZ service contracts.

✓ **Avoid Low-Quality Offsets**
- **Do not purchase carbon offset credits** from "avoided deforestation" projects unless you can confirm that risks like failure to permanently sequester carbon, inaccurate calculations, overestimation of deforestation, or negative social impacts have been ruled out.

II. Maximum Costs for Offsetting

- GIZ has established lump-sum allowances for offsetting carbon emissions from air travel in service contracts. These allowances serve as a **price cap** and guide for costing, ensuring that the financial settlement is based on documentary proof.

III. Offsetting Costs for Flights Between Europe and Other Regions

One-way flight within individual regions or within a single country Category	Flight within specific regions	Maximum offsetting costs ECONOMY Upto max.	Maximum offsetting costs BUSINESS Upto Max.
2.1	Europe, Mediterranean, Central Asia, North/Central America, South America, Asia (mainland)	EUR 50	EUR 90

Cost-Effectiveness Requirement

When purchasing carbon offset credits, ensure that they conform to the recommended high-quality standards and meet the **cost-effectiveness requirement**.

- **Bulk Purchases**: It is often more cost-effective to purchase larger quantities of carbon credits at once, as the prices tend to be lower for bulk orders. Additionally, buying in larger quantities can reduce the administrative effort and time involved in the purchasing process.

Example Scenarios for Offsetting Budget

- **Appraiser Contract in Kenya**

In the course of an appraiser assignment, a contractor needs to travel from Europe to Kenya (outward and return flight). No other air travel is involved. In this case a budget for offsetting is specified in the terms of reference for a booking in economy class, category 1.2, amounting to a maximum of EUR 140 (2 x EUR 70). The actual costs are settled after travel on submission of proof.

- **Consulting Contract in Brazil**

A total of 10 flights (5 outward and 5 return) between Europe and Brazil take place as part of a consulting assignment. A lump sum amounting to a total of EUR 800 (10 x EUR 80) is specified for the international flights, for bookings in economy class, category 1.3. In addition, 8 flights (4 outward and 4 return) take place within Brazil and to neighbouring countries. An offsetting budget of EUR 320 (8 x EUR 40) is specified in the terms of reference for these flights, in category 2.1. The actual costs are settled after travel on submission of proof.

Calculating GHG emissions

There are various methods of calculating the GHG emissions from flights. According to the German Federal Environment Agency (UBA) the VDR standard should be used, which is employed in the Offset your flight - atmosfair calculator, for example. This takes account of other impacts of aviation on the climate, not only the combustion of aviation fuel.