



# **AVOIDING DOUBLE COUNTING (ADC)**

**Avoid double counting of emissions  
reductions/removals**

## **BCR TOOL**

**BIOCARBON CERT<sup>®</sup>**

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## 1 Introduction

According to the Paris Agreement (Art.6), “*The use of internationally transferred mitigation outcomes to achieve nationally determined contributions under this Agreement shall be voluntary and authorized by participating Parties.*” In consequence, it is crucial for avoiding double counting, issuance and claiming, that the accounting rules apply to all carbon mechanisms and GHG programs.

BIOCARBON CERT (BIOCARBON) recognizes that the accounting rules should be robust and transparent. BIOCARBON also acknowledges that the emission reductions used by the countries in their achievement of the nationally determined contribution (NDC) is not allowed for another Party to demonstrate achievement of its NDC<sup>1</sup>. In order to that, the rules and procedures of BIOCARBON includes further rules to ensure reductions originating under the certification and registration process are not claimed twice, with a focus on the transparency of these practices.

In 2016, ICAO introduced the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) as an offsetting initiative in the aviation sector. In order to implement the provisions of CORSIA to avoid double counting, BIOCARBON has adopted a set of provisions aimed at aligning the eligibility criteria (EUC) applicable to the emission units (Verified Carbon Credits) under CORSIA.

BIOCARBON addresses the avoidance of double claiming considering as an inputs guidelines and eligible criteria for Emissions Unit under CORSIA and other worldwide reference as the United Nations Framework Convention on Climate Change (UNFCCC) in relation to operationalization of Article 6.2 and 6.4 of the Paris Agreement.

This document provides information on how BIOCARBON addresses double counting and includes details the procedures in place to ensure *robust accounting*, transparent VCC transfers and retirements.

## 2 Purpose

The purpose of this Tool is to describe:

- (a) the principles and requirements applicable to BIOCARBON GHG CREDITING PROGRAM (BIOCARBON PROGRAM), to avoid double counting of emissions reductions;

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<sup>1</sup> Decision 18/CMA. requires comprehensive reporting and accounting of transfers towards NDCs or other international mitigation purposes

- (b) requirements for Verified Carbon Credits (VCC) to conform to the requirements of Decision -/CMA.3; Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement (referred as Article 6.2 of Paris Agreement)<sup>2</sup>;
- (c) the set of provisions applicable under the CORSIA Emissions Unit Eligibility Criteria (EUC)<sup>3</sup>.
- (d) the necessary procedures to guarantee that the emissions reductions are only counted once towards a mitigation obligation.

### 3 Version

This document constitutes Version 2.0. February 7, 2024.

This version of the document may be adjusted periodically. Intended users should ensure that they are using the updated version.

### 4 General terms

The following general terms apply for this Tool:

- (a) "Shall" is used to indicate that the requirement shall be met;
- (b) "Should" is used to suggest that, among several possibilities, a course of action recommended as particularly appropriate;
- (c) "May" is used to indicate that it is permitted.

### 5 Scope and applicability

This document aims to be adopted by all intended users<sup>4</sup> specially project holders following rules and conditions under BIOCARBON PROGRAM for the certification and registration of their GHG projects.

Projects already registered with BIOCARBON and voluntarily aiming for market eligibility of Verified Carbon Credits (VCC) shall also adopt the provisions underlined in this document.

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<sup>2</sup> [https://unfccc.int/sites/default/files/resource/cma3\\_auv\\_12a\\_PA\\_6.2.pdf](https://unfccc.int/sites/default/files/resource/cma3_auv_12a_PA_6.2.pdf)

<sup>3</sup> International Civil Aviation Organization (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA); CORSIA Emissions Unit Eligibility Criteria; (2019). <https://www.icao.int/environmental-protection/corsia/pages/corsia-emissions-units.aspx>

<sup>4</sup> Intended user: "individual or organization identified by those reporting GHG-related information as being the one who relies on that information to make decisions" (ISO 14064-2:2019(en), 3.3.1)

The ADC document, shall be read by the interested parties, including Conformity Assessment Bodies and applicable measures in concurrence with the BIOCARBON PROGRAM.

This tool includes information that complement the rules for the quantification of GHG emission reductions and removals, defined by sector and/or type of project described in the BCR STANDARD and related documents.

## 6 Principles

GHG project holders and, in general, all those involved in the formulation, validation, verification, certification and registration of the of GHG projects should apply the following principles<sup>5</sup>:

### ***Accuracy***

- (a) Minimizing bias and uncertainty in the measurement and processing of quantitative and nonquantitative data;
- (b) Reducing sources of uncertainty; and
- (c) Maintaining, calibrating, and checking all metering or other testing equipment used to report monitoring data for guidance on equipment calibration and ensuring that spreadsheets and other tools used to store and manipulate monitoring data are free from error.

### ***Relevance***

The monitoring and reporting of emission reductions achieved by a project is relevant information provided it complies with the BCR STANDARD. Data is not relevant if it does not impact emission reductions.

### ***Credibility***

Information can be considered credible if it is authentic and believable relative to what is being measured.

### ***Reliability***

Information can be considered reliable if it is able to yield the same results on a repeated basis over time using the same monitoring method and datasets.

### ***Completeness***

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<sup>5</sup> Adapted from the CDM. <http://cdm.unfccc.int/Reference/Standards/index.html>

Completeness refers to inclusion of all relevant information for all relevant sources of data that are required for the assessment of emission reductions.

### ***Consistency***

Data, methods, criteria, and assumptions should allow meaningful and valid comparisons of the greenhouse gas emission reductions achieved in different monitoring periods and/or by different projects.

### ***Transparency***

Sufficient information should be made publicly available to allow reviewers to make decisions on the credibility and reliability of greenhouse gas emission reduction claims with reasonable confidence.

## **7 Definition of double counting for BioCarbon Program**

Focused on achieving targets related to GHG emission reductions and climate change mitigation, robust and transparent accounting is essential. This will enable effective assessment of national progress.

In a strict sense, the practice of double counting would result in the overestimation of benefits to projects and countries and would lead to an erroneous analysis of the real progress towards meeting this global target.

Consequently, within the scope of the BCR STANDARD, "*double counting*" is defined as the accounting of a Greenhouse Gas (GHG) mitigation result in tons of CO<sub>2e</sub>, in the following scenarios:

- (a) a ton of CO<sub>2e</sub> is counted more than once to demonstrate compliance with the same GHG mitigation goal;
- (b) one ton of CO<sub>2e</sub> is counted to demonstrate compliance with more than one GHG mitigation goal;
- (c) a ton of CO<sub>2e</sub> is used more than once to obtain remuneration, benefits, or incentives;
- (d) one ton of CO<sub>2e</sub> is verified, certified, or accredited assigning more than one serial to a single mitigation result.

Accordingly, avoidance of double counting is a requirement that prohibits the accounting, issuance and retirement of GHG mitigation results that meet any of the conditions described above.



## 8 Provisions for double counting avoidance in BIOCARBON

BIOCARBON issues credits that represent emissions reductions, avoidance, or removals that are only counted once towards a mitigation obligation. Through the Registry platform, robust technological measures and program procedures work together to prevent double issuance, use and claiming<sup>6</sup>.

### 8.1 Provisions in place for avoidance of double issuance of VCC

Double issuance occurs if more than one unit is issued for the same emissions or emissions reduction.

#### 8.1.1 Ex-post credits issuance

As part of the program provisions, BIOCARBON has established clear rules and procedures for issuance of “*Ex-post*” VCC that represent emissions reductions or removals verified by a third independent party (Conformity Assessment Bodies – CABs). BIOCARBON carry out the credits’ issuance for the projects that demonstrate fully compliance to the requirements established by the BIOCARBON PROGRAM.

In concordance with above, the registration of the GHG project can be requested only once the validation process has concluded. The project holder can request the validation and the first verification of the project simultaneously. In this case, the CAB shall issue a separate validation and verification report with their respective declarations.

#### 8.1.2 Conditions and procedures for GHG projects migration to BIOCARBON

Another requirement related to avoiding double issuance is that GHG projects are not registered in any other registry platform at the time for applying the project registration. **Section 25** of the BCR Standard informs about the conditions under which projects registered in other GHG programs can apply for registration with BIOCARBON. Those conditions are:

- (a) The project has been withdrawn in the registration system of the standard/program from which the project comes;
- (b) The reductions or removals generated by the project are not part of another registered project, in BIOCARBON or other GHG programs;
- (c) GHG project holders demonstrate compliance with the requirements established in the national legal framework, as well as compliance with the rules and procedures established by BIOCARBON;

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<sup>6</sup> See section 26 of the BCR Standard

(d) GHG projects shall comply with the “BCR Standard Operating procedures” and the documents that conform the BIOCARBON PROGRAM.

An additional measure, to avoid projects being registered in BIOCARBON and another systems, is the “**Framework Contract signed between the Biocarbon’s Registry and Project Holders**”. The contract explicitly mentions through the Seventh clause the Prohibition of Double Accounting and specifies the conditions that users shall accept in order to avoid double issuance including the strict prohibition to list projects in other registries while VCC are hold in the BCR Standard.

### 8.1.3 Preliminary assessment for GHG project’s migration

Besides the normal process of project registration, for the cases of migrations from other programs, the technical committee at BIOCARBON is called to perform a “Preliminary assessment,” which is an in-depth analysis of the project details, including aspects regarding potential emission units issued.

The preliminary assessment is a case-by-case assessment that seeks to have an overview of the compatibility of the GHG project with the BIOCARBON PROGRAM requirements and accept or reject the intention of migration.

BIOCARBON only allows the migration of GHG projects registered under other programs when there is a consistency with the rules of BIOCARBON and a transparent custody of the Credits issued.

If carbon credits have been issued but those are already sold and retired, the project holder will need to cancel the registration of the project in the previous registry and provide proof of the project cancellation and confirmation that there are no carbon credits listed in the previous registry before opening the account in the registry system of BIOCARBON. Once this step is done, the next verification report shall be generated by a third independent party and fulfill BCR STANDARD section 22 Validation and Verification and Validation and Verification Manual.

Despite the previous scenarios the decision of accepting or deny migration to BioCarbon depends on the findings and conclusion resulting from the preliminary assessment carried out by the technical committee.

### 8.1.4 Double-check in GHG registries systems

The registry system integrates a functionality during the assessment process that request informing whether the project has been registered in another program/registry or not. If the project holder confirms it is the case, then a proof of withdrawal is required in order to advance in the process<sup>7</sup>.

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<sup>7</sup> More information can be consulted in the BCR Handbook and good practices: [https://biocarbonregistry.com/registry/BCR\\_Handbook-and-good-practices.pdf](https://biocarbonregistry.com/registry/BCR_Handbook-and-good-practices.pdf)

As part of the due diligence process, the technical committee will assess whether GHG projects that have declared migration from other programs/registries have actually been cancelled or withdrawn in the external system. This is to confirm the project status declared by project holders during the registration process.

#### 8.1.5 Overlapping risk management

CABs shall assess the compliance of the GHG projects with the requirements established by the BIOCARBON PROGRAM and which are also summarized in the BCR Validation and Verification Manual.

In that sense, Conformity Assessment Bodies (CABs) are responsible for assessing the overall project documentation under the validation where, in the case of AFOLU projects, they shall explain how it has been confirmed that the project areas are not included or overlap with other project boundaries.

During the validation process, the CABs shall examine the evidence provided by the project and contract it with **national registry and other programs and systems to confirm that no benefits are simultaneously obtained and not overlapping exist** between the GHG project under validation projects under other programs.

Other measures to identify and manage overlap between GHG projects includes technological functionalities in the registry system. **The public platform provides geographic information (including coordinates description and files in KMZ format) of the GHG projects**<sup>8</sup>. This measure facilitates future projects under other programs, governments, CABs, project developers and public can access and consult projects registered and pre-registered in BioCarbon as a source of information to avoid overlapping.

The BioCarbon registry system, operated by Global CarbonTrace,<sup>9</sup> is also interconnected with the Blockchain database system of Data Trust<sup>10</sup> by API integration. This initiative which is consider a meta-registry facilitates exploring information on GHG removal/reduction projects from different programs/registries. The objective of this initiative is *“to maximize the transparency of carbon credits, minimize the risk of double counting, and enhance the overall integrity of the markets”*.

Stakeholders in the carbon market have been developed geographic platforms that allows to visually compare GHG projects listed in several registries. The BIOCARBON listed projects are displayed in some of those platforms. This source of information for potential risk of overlapping, supports the work of the BIOCARBON PROGRAM in ensuring reliable information is being provided by the project holders.

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<sup>8</sup> Information regarding the information to be upload by project holders during projects inscription and registration is describe in the BCR Handbook and good practices.

<sup>9</sup> Website: <https://globalcarbontrace.io/>

<sup>10</sup> More information of CAD Trust initiative can be consulted on the website: <https://climateactiondata.org/>

BioCarbon has collaborated and enabled communication with those initiatives recognizing the importance of collaboration and the power of access to data for decision-making processes.

## 8.2 Provisions in place for avoidance double use of VCC

BioCarbon has operational and technological controls to prevent double-use of units in its registry platform. Double-use refers to using the same issued unit twice, such as duplicating a unit in registries.

These program and registry measures are in place to provide secure, transparent and easy tracking of VCC issuance, marketplace listing<sup>11</sup>, transfer and retirement.

BIOCARBON relies on the registry administrator GLOBAL CARBONTRACE (GCT) which is responsible for the management and reliability of the data in the database system. As the registry administrator, GCT protects the information, ensuring it is properly stored, secure and easily accessible when needed. To carry out registration of a GHG project in the registry platform, the project holder<sup>12</sup> shall provide the following documentation:

- (a) detail Project holder information<sup>13</sup>
- (b) project document which shall provide detail description about the GHG Project following requirements defined in the BCR Standard (location, vintage, sector project activity, stakeholders among other)
- (c) indication whether mitigation activities approached by the project are covered by the Host Country NDC targets.
- (d) report and validation declaration;
- (e) monitoring report;
- (f) report and verification declaration;
- (g) Host Country Authorization for CORSIA eligible VCC. The letter is published on the project page on the registry platform.
- (h) other documents linked to the project activities and governance<sup>14</sup>.

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<sup>11</sup> When a user decides to list their VCC in any of the allowed marketplace, technological provisions are activated to avoid that listed Credits are transferred or retired (Custody account).

<sup>12</sup> Only the project holder, or whoever is authorized by the holder to carry out the procedures required for this purpose, can apply for registration of the project.

<sup>13</sup> During the process of opening account, the user accept the Data Processing terms and conditions which allows BioCarbon to consult world data base of sanctions and implement measures of Know your Customer (KYC) using the personal and company information uploaded by users.

<sup>14</sup> More information regarding registry functionalities and information requested during opening account and GHG project registration can be found in the BCR Handbook and good practices Registry Platform Available on the BioCarbon's website: <https://biocarbonregistry.com/en/registration-plataform/>

BIOCARBON has a heavy-duty system and procedures that assure the identification and tracking of the VCC issuance and its traceability. Moreover, the Registry system ensures:

- (i). Secure custody of the VCC of project register under BioCarbon program
- (ii). Secure tracking of the VCC issuance, transfer, and retirements.
- (iii). Transparent disclosure of project information, including geographic location, validation and verification report.
- (iv). Clear and transparent serialization of each VCC linked to specific project according to the project attributes (country, sector, project type, vintage etc.)
- (v). Functionalities for clear tagging of VCC according to the destination.

To complete the registration of a GHG project, the project holder shall register a verification period by registering their project on the Registration Platform, including the documents required by the online form. The verification report shall comply with the applicable Standard and Methodology requirements, specifically with the requirements for dates and quantification periods described in the BIOCARBON PROGRAM.

The CAB shall thoroughly review the monitoring report and the request for registration of each verification. If the CAB confirms compliance with the applicable rules and procedures, and the Project's integrity is verified, the GHG Declaration is issued. It contains general project information, including data related to the market participant, the Project and the validation and verification body.<sup>15</sup>

After determining that the Project meets all requirements, the Registration Platform will issue a unique project reference ID to identify the Project in the registration platform.

#### 8.2.1 Verified Carbon Credits (VCC) issuance

Upon receipt of the documentation related to the verification, the BIOCARBON sectorial expert evaluates compliance with the Program requirements and accepts or rejects the issuance of the VCCs. The issuance of VCCs are only possible once the verification process and the subsequent evaluation of the technical expert of BIOCARBON are concluded. For this process, the user shall request the issuance of VCCs through the registry platform. The number of VCCs issued through the registry platform will always be equal to the number of GHG removals or reductions verified by a CAB and approved by BIOCARBON.

The issuance of VCCs is done through the creation of serials. These serials characterize each of the credits, differentiating their destination for VCC actives or VCC reserve AFOLU, their crediting period (year) and their amount per year.

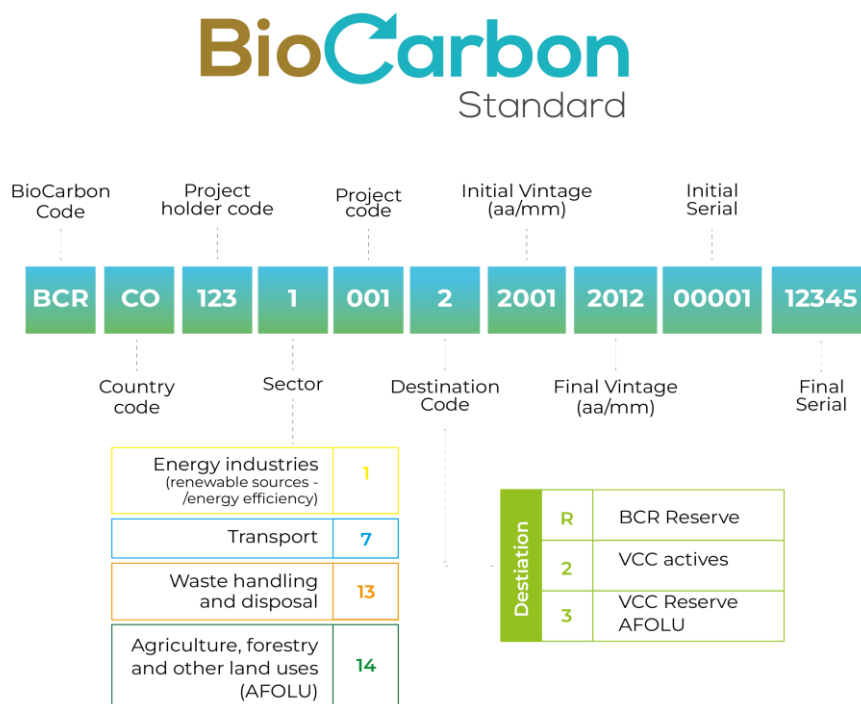
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<sup>15</sup> The BioCarbon team reserves the right to accept or reject the registration of a verification period in the registration platform. If incomplete or inconsistent information is submitted by the CAB, BIOCARBON shall reject the registration of a verification until the validation and verification requirements specified in the standard are met.

Serials are certified through the GHG Statement's issuance, then a document is received by the Account Holder that registered the Project, which contains the relevant information on the rights of the VCCs issued and on the project information.

### 8.2.2 VCC are individually identified

The VCC are individually identified through serial numbers. The design of the serials in BIOCARBON platform ensures a unique serial ID. Through its code, it is possible to trace the origin of the serial, including the Project Holder. Figure 1 describes the information provided by a VCC serial issued by BIOCARBON.



*Figure 1: Serial Identification*

The generation of the BIOCARBON serial through the Registration Platform ensures that:

- (a) The same serial number shall not be issued more than once;
- (b) Serials have an assigned destination and therefore cannot be used for other purposes;
- (c) Once a serial has been withdrawn/retired it is deducted from the user's accounting of available VCCs and cannot be used again.

The Verified Carbon Credits (VCC) have clearly identified the project holders (e.g., identification requirements of a registry). See in the figure 1 the third section of the serial number (Project holder code).

### 8.2.3 Traceability and Custody of VCCs

The VCC identification serial can be traceable from the moment it is issued until its retirement. Through the Registration Platform, the system can register the issuance of VCCs, the transfer of VCCs between account holders and retirements. Also, the amount of active and retire VCCs for each Project is identified.

Through the Registration Platform and having access to a Holder Account can be consulted online:

- (a) Total number of active VCCs
- (b) Number of VCCs retired
- (c) Amount of VCC transferred
- (d) Transfers Register (original account, destination account, amount, serial, date of the transaction)
- (e) Retirement Register (Project, end-user, quantity, serial, date)

Additionally, the public registry platform provides relevant information on the custody of VCCs.

### 8.2.4 VCC Transfers and Retirements

Market participants transfer and retire Verified Carbon Credits to buyers and other account holders based on the allowances assigned to each type of account/user. Retirements are made and registered through the Registration Platform via a self-management process, carried out by the account holder.

There are four (3) fundamental rules for retirements, controlled from the platform:

- (a) The system has an internal procedure that determines the availability of active credits and, therefore, does not allow retirements of unavailable amounts;
- (b) The system does not allow retirements of unavailable amounts;
- (c) The system does not allow you to request a retirement of a serial in the process of being approved for retirement from a previous transaction.

With each retirement transaction, the system issues a **Retirement Statement** containing all the information about the transaction. Once a VCC is retired, it is permanently removed from circulation and can no longer be sold (transferred or retired).

In addition, transferring Verified Carbon Credits to another Registry system is not allowed. The transfer of VCC can be possible only if the entire project migrates, as mentioned above. This condition is informed in the BCR Standard and reflected in the framework contract signed with project holders.

### 8.3 Integration with external systems

BIOCARBON has formed alliances with leading technology companies for data storage and transactions that are part of the registry, allowing us to use Stamping.io to receive blockchain support for our transactions on LACChain nodes.

The use of Blockchain with DLT technology enables the creation of digital, secure and synchronized digital records. These records are continuously updated and provide a traceable record of transactions that are tamper-proof and, therefore, immutable, transparent and integral.

The Registry Platform can safely integrate with other systems, such as the CAD Trust initiative<sup>16</sup> and marketplaces, through an Application Programming Interface (API). This ensures that all important data is encrypted.

### 8.4 Provisions in place for avoidance of double claiming

Double claiming might occur when the same emissions reduction is counted twice by two or more parties. For instance, when emission units are used by aircraft operators and also claimed by the host country seeking to meet its Nationally Determined Contributions (NDCs) under the Paris Agreement. Despite BioCarbon request to projects to identify whether a project and its associated emission reductions or removals are covered by NDC targets, the program has designed a set of measures to In order to ensure the prevention of double claiming, in line with the progress towards the mitigation targets outlined in countries' Nationally Determined Contributions (NDCs) under the Paris Agreement, BioCarbon is committed to facilitate transparent information through the public registry and with support additional reporting and communication with countries seeking evidence to verify the fulfillment of these pledged adjustments.

In this regard, the registry system of BioCarbon ensures transparency and easy tracking of the VCC retired/cancelled under compliance or voluntary markets, thus, facilitating the application of adjustments by countries. The registry displays additional attributes to identified CORSIA eligible Units and host country attestation, in the public registry. A labeling within the column of "additional certifications" will show VCC or emission reduction/ removals eligible under CORSIA.

#### 8.4.1 Host Country Attestation- HCA

As part of the ADC measures, BioCarbon requires project holders to provide a Host Country Attestation (HCA). The Host Country Attestation should declare that the country will not use the project's GHG emission reductions or removals (VCC) to track progress towards or to demonstrate the achievement of its NDC. This measure is part of the requirements for mandatory domestic climate change mitigation and targets to qualify offset credits for use under CORSIA.

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<sup>16</sup> <https://climateactiondata.org/>



The host country will attest that it will account for the use of the project's GHG emission reductions by aircraft operators under CORSIA, or by other countries, through the application of corresponding adjustments in the structured summary of its **biennial transparency reports**, as referred to in Paragraph 77, sub-paragraph (d), of Annex to decision 18/CMA.1<sup>17</sup>.

The project holder shall provide the Host Country Attestation from the designated national authority or designated focal point of the host country of the project activity. It is important to clarify that project holders in compliance with their respective country's regulations and protocols, are responsible for taking the necessary steps to obtain the Attestation Letter. This letter, issued by host governments, will be publicly available on the registry platform on the project page and shall be uploaded by the project holder. The template for this letter is provided in Annex A of this document. For CORSIA Eligible units, before authorizing VCC retirements for CORSIA, BioCarbon will crosscheck that the project holder has upload in the registry system the Attestation Letter.

The Letter of Authorization shall contain, at minimum:

- (a) The project name and identification number
- (b) Project sector
- (c) Project activity
- (d) Project location (country)
- (e) Project participants
- (f) Emission reductions quantification period
- (g) Details of the signatory of the declaration (name, identification number, position, entity, contact details)

The focal point acknowledges that the project activity reduces emissions in the host country and acknowledges that BioCarbon Program has issued or intends to issue an amount of VCC authorizing the project holder the use of VCCs to offset emissions for voluntary buyers under the Carbon Offsetting and Reduction Scheme for International Aviation - CORSIA.(See Annex A).

Authorize the use of the emission reductions, issued as offset credits to a project, by user in order to meet offsetting requirements of either CORSIA or article 6.2 or voluntary buyers requiring the corresponding adjustments to be applied by host country.

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<sup>17</sup> UNFCCC Conference of the Parties (COP) Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement UNFCCC. The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) oversees the implementation of the Paris Agreement and takes decisions to promote its effective implementation.

Declare that the host country will not use the project's emission reductions to track progress towards, or for demonstrating achievement of its NDC and will account for their use for either international mitigation purposes or other purposes, by applying corresponding adjustments in section B of Annex 1 of COP26 decision /CMA.3 on Article 6.2.

Received letter and is a complementary measure upon the fulfilment of all prerequisites stipulated by BCR standard and CORSIA. In the event that the "Attestation Country" is not submitted despite the fact that the project and the units meet the CORSIA eligibility criteria, BioCarbon has the authority to restrict the use of the emissions units for compensation purposes within the scheme of Aviation - CORSIA. Based on the options described in the ADC guidelines, the measure that BioCarbon can implement after confirmation of the program endorsement to CORSIA, is "not qualifying offset credits for use under CORSIA if non-GHG targets cover the associated activities or emission reductions or removals."

BIOCARBON, considering the governments' positions and responses to the Host Authorizations letter, will determine whether a corresponding adjustment would be warranted and either qualify or disqualify the credits as eligible for use under CORSIA, depending on the response from the host country.

## 8.5 Reporting and other good practices for ADC

### 8.5.1 Reporting

In order to facilitate the application of adjustments by countries, BIOCARBON has included a procedure to report annually the total VCC issued and retired for projects located in host countries which have authorized the use of the associated emission reductions or removals by other countries or to meet offsetting requirements under particular schemes as CORSIA.

As it is informed in Annex A. HCA section 3, BioCarbon will submit annual reports informing about the emission reductions/removals volumes retired by each entity (ea. Aviation sector - CORSIA) and country. The reporting will be submitted not later than December 31.

To facilitate the National accountability by countries, through corresponding adjustment; BIOCARBON is willing to support when its needed with the conversion of the VCC volumes that should be adjusted (CORSIA units authorized), using the same Global Warming Potential GWP values<sup>18</sup> the country uses in its NDC reporting/**biennial transparency reports** and facilitate that volume to countries' focal points.

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<sup>18</sup> That applies for those countries that are not reporting following GWP values from the 5th assessment report of the Intergovernmental Panel on Climate Change (IPCC) for the period after

It will be done for the cases that countries first NDC therefore, their reporting is based on GWP values different that 100-year time - horizon GWP values from the 5th IPCC assessment report, or 100-year time-horizon GWP values to report aggregate emissions and removals of GHGs, expressed in CO<sub>2</sub>eq<sup>19</sup>.

#### 8.5.2 Obtaining evidence of the application of adjustments

BioCarbon commits to cross check g the volumes of VCC issued and used under initiatives such as CORSIA against national reports (which might be reflected on the Article 6 Database to UNFCCC) from Host countries that provided the HCA.

Under the measures for avoiding double counting, BioCarbon will aim to obtain evidence of the application of adjustments by host countries. When corresponding adjustment evidence are or find after a year<sup>20</sup> of authorization from host country; BioCarbon will request from host country to confirm within 90 days the corresponding counting adjustments.

If after this period still there are not evidence, and by consulting information and authorization in national reports, BIOCARBON together with ICAO will coordinate actions to inform UNFCCC and implement precautionary actions for future authorization of emission units.

#### 8.6 Procedures for double-counting occurrence and compensation mechanisms

Designed to address, substitute, or otherwise reconcile situations where carbon units are suspicious to be under a Double user. As we mentioned, the situation of double issuance within the Registry system is technically impossible to occur under the registry system for GHG projects under BioCarbon. Nevertheless, situations between projects registered in BioCarbon with projects under other programs.

As well projects aimed to migrate to BIOCARBON without the evidence of cancellation in another program's registry will not be registered.

#### 8.7 Reconcile situation and management of GHG projects overlaps

In case, during the validation, the risk or evidence for overlapping is found by CABs, it shall be presented in the Validation Report and communicated to the project holder. Only if the project holder presents solid evidence that demonstrates that the special or temporal

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<sup>31</sup> December 2020. In their first NDCs, countries use different GWP values to account for their NDCs, including from the 2nd, and 4th assessment reports of the IPCC.

<sup>19</sup> This measure has been established considering the risk where countries use different GWP values in determining their NDC covered emissions and implementing structured summaries for their first NDC implementation period. Avoiding double counting between CORSIA and Nationally Determined Contributions – Options for accounting under the Paris Agreement | Umweltbundesamt

<sup>20</sup> That is also the time after Biocarbon submit detail report to host country that issued Letter of authorization.

limits of projects do not conflict with other projects the technical committee at BIOCARBON will review the documentation provided and emit a concept of whether the registration process is accepted or not.

Under the scenario overlapping between projects registered in BIOCARBON with projects under other registries is identified, BIOCARBON will directly confirm which of them has the earliest registration date and formally communicate to the Project Holder in BIOCARBON who is involved in the situation, National authorities, GHG Program, and Registry about the necessity to review in detail the situation and take corrective action, considering that first GHG project register prevails.

Internally, in the BIOCARBON Governance structure, the compliance officer is responsible for following up on the progress of the overlap investigations when the situation arises. With the support of one delegate of the technical committee, **the compliance officer should inform the direction committee about the progress of the investigation and update any reconciliation and corrective actions** addressed among project holders/developers involved.

The section 8.5 provides information about compensation mechanisms linked to overlap or other types of ADC claims.

## 8.8 Measures during investigation

Precautionary measures for invalidation of carbon credits that were suspicious to double counting. After investigation come up with a result following procedures of anticorruption policies, the program will proceed with the corresponding corrective measures.

### 8.8.1 Corrective measures and buffer for compensation mechanisms

BIOCARBON considers measures when VCC units utilized under CORSIA can be claimed by the Host Country as progress toward fulfilling its Nationally Determined Contribution (NDC) despite the HCA Letter has been submitted. For this, the next section explains provisions of the program for such situation.

The program will notify the Project holder about the results of the investigation and if the case, the need for certain amount of VCC compensation. The following corrective measures and compensation mechanism will apply.

The BCR Standard in Section 13.1 explains that each AFOLU project that registers any GHG emission removal or reduction is subject to 20% of the total quantified GHG emission reductions or removals for each verified period be dedicated to a reserve. This 20% of the total quantified GHG emission reductions or removals<sup>21</sup> is distributed as follows: a) There is a reserve account for the project where 10% of the emission removals or reductions are

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<sup>21</sup> The last reserve of all projects, at the moment of the process of the last verification, the percentage corresponding to the project reserve will go to a general reserve account called the BCR Reserve.

stored and, b) The remaining 10% will be placed in a General Reserve Account in BIOCARBON.

In case a situation of double counting is raised, the first source of compensation will be the reserve account for the AFOLU projects. Those credits under the project reserve have the obligation to substitute the double-claimed credits (VCC) with a volume of replacement CORSIA-eligible credits corresponding to the quantity of units doubly claimed by the Host Country<sup>22</sup>.

If credit (VCC) substitution of projects from the energy, transport, or waste sector is needed, the first source of VCC to compensate will be obtained from the project involved in a different crediting period if available.

During the process, BIOCARBON will proceed to annul the associated Replacement Units in order to rectify the Host Country's double claim of GHG emission reductions and/or removals. In the case the project reserve is not enough for the requested replacement of units, the program through the BCR Reserve, will compensate the claimed units and disclose this information on the registry.

#### 8.8.2 Resolution for CORSIA Double Claim

BIOCARBON is committed to informing ICAO and UNFCCC when the program does not obtain credible evidence of corresponding adjustment by the Host Country. Moreover, the project holder will be responsible for compensating the double-claimed quantity through its program compensation mechanism.

From the program, BIOCARBON is eager to closely following up on the situation and taking precautionary measures to manage the risk of double claiming that can even consider the suspension of CORSIA eligibility units originating from the referenced country's projects.

#### 8.8.3 Disciplinary sanctions

In the event that an investigation reveals that a project under BIOCARBON has been double counted, the account will be blocked. This will prevent the transfer or retirement of the VCC. Additionally, the project holder's account will be suspended in the program registry.

#### 8.8.4 Anti-corruption policies and practices

The actions of BIOCARBON and the operations related to the registry platform are aligned with the binding definitions established in the Anti-bribery Policy of the company. The policy includes the extensive controls, procedures and measures used by BIOCARBON to mitigate fraud, transnational bribery and corruption risks and to comply with its Code of Ethics, the Anti-Corruption laws, regulations and standards of BIOCARBON.

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<sup>22</sup> The staff of BioCarbon and Registry will be on duty to confirm that emission units (VCC) to compensate claims related to CORSIA, are also eligible under the EUC criteria.

In the context of BIOCARBON, it is imperative that letters of assurance and authorization are obtained through legitimate channels, free from corrupt or suspicious practices like bribery or blackmail involving public officials. The set of guidelines followed by the program includes the United Nations Convention against Corruption - UNCAC (2005), the European Union's Anti-Corruption Policy (Article 29 of the Treaty on European Union), the Foreign Corrupt Practices Act of 1977 (FCPA) and the United Kingdom Bribery Act of 2010 ("UK Bribery Act").

BIOCARBON has a strong grievance mechanism<sup>23</sup> aligned with the code of ethic and anticorruption policy and procedures. Particularly, the Ethic and Compliance Channel aims to be used by public to submit complaints and grievances regarding transnational bribery, falsification, Fraud and embezzlement and can be the channel to denunciate situation related corrupt practices by projects in the context of their Host countries.

When a grievance is communicated through the channels established in the program and it is linked to the performance of GHG projects and potential corruption practices, an investigation will be led by the compliance officer, exposed during a session of the Director Committee and a formal communication will be submitted to ICAO, detailing the aspects of the circumstances and giving an estimate time where the investigation will come up with findings that will motivate precautionary, corrective or disciplinary measures.

## **9 Prohibition of double counting and liability**

In accordance with the provisions of the Framework Contract for approval and registry of GHG projects, BIOCARBON prohibits incurring during the term of the contract, or subsequent thereto in connection with any VCC issued under the contract, in a situation of double accounting prescribed by the BIOCARBON applicable regulations.

Additionally, for the prevention of any doubt, it will be understood that there is a double accounting situation in any case in which the registry user<sup>24</sup> has requested the registration of any VCC issued by BIOCARBON under the contract, in another registry or entity, without the registry user or the project holder, as appropriate, had advanced before such other registry the previous process of the project in relation to which new VCCs are issued. This shall apply even in the event that the registry user had advanced the prior retirement process in the registry platform, of the VCCs issued by BIOCARBON.

The Parties recognize that the activities constituting double accounting referred to in the contract clause shall not be interpreted in a restrictive sense. Therefore, it shall be understood that the client is involved in a situation of double accounting in any case in which, on the occasion of the use or transfer of the VCCs, any situation arises that

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<sup>23</sup> Website of anticorruption policy & procedures, code of ethics, grievance mechanism and code of ethics: <https://biocarbonstandard.com/en/anti-corruption-policy-procedures/>

<sup>24</sup> Referred as client in the framework agreement.

generates an erroneous analysis of the real progress of the compliance with the global objective for the reduction of GHGs.

BIOCARBON will be liable to the client and third parties for the non-acceptance and/or rejection of the deductibility of the Certified Emission Reductions, when this rejection comes from causes attributable to BIOCARBON.

In all cases, following the requirements of the COP26 decision on Article 6.2 is clear that the host country is liable to ensure that no double claiming is done under NDC for the emission reductions. In this sense, signing the Host Country Attestation for registered projects in BIOCARBON the host country shall ensure that no emission reduction from the corresponding monitoring period of project is claimed under NDC.

In consequence, all the reporting requirements (annual and regular) as per of Annex to Article 6.2 decision 21 are applicable to the host country, including corresponding adjustments are additions and subtractions that a country applies to the annual level of the indicator it uses to track progress and achievement of its NDC, e.g., the country's annual GHG emissions level.

## Annex A. HCA. National Emissions Reductions Registry

<b>Host Country Attestation<sup>25</sup></b> (Version 3.0)	
SECTION 1: PROJECT DETAILS	
<b>A. Project Name:</b>	
<b>B. Sector:</b> <i>Select the relevant checkbox</i>	<input type="checkbox"/> Energy <input type="checkbox"/> Transport <input type="checkbox"/> Waste <input type="checkbox"/> AFOLU
<b>C. Project activity:</b>	
<b>D. Project location (Country):</b>	
<b>E. Project participants:</b>	
<b>F. Emissions reduction quantification period:</b>	
<b>G. Other certifications:</b>	
SECTION 2: DETAILS OF THE SIGNATORY OF THE DECLARATION <sup>26</sup>	
<b>A. Name:</b>	
<b>B. Identification Number:</b>	
<b>C. Position:</b>	
<b>D. Entity:</b>	
<b>E. Contact details:</b>	Phone:
	E-mail:
	Address:
SECTION 3: STATEMENTS OF HOST COUNTRY AUTHORIZATION	

<sup>25</sup> This statement is required in accordance with requirements of BioCarbon, under the BCR Standard. BioCarbon is entitled to legally rely on this declaration upon signature and submission.

<sup>26</sup> Duly authorized to sign this statement.



On behalf of the Government of **[name of the country]**, authorize that the project's emission reductions/removals, issued as a Verified Carbon Credits (VCC) by BIOCARBON, may be used to meet offsetting requirements under CORSIA (or by voluntary buyers towards climate targets or other countries towards achieving their NDC)<sup>27</sup>.

The restrictions of the authorization are described as follow:

- a) That the project's mitigation results hereby authorized, corresponds to the emission reductions/removals for the monitoring period (**[dd/mm/yyyy - dd/mm/yyyy]**) of the project referenced in section A.
- b) The country authorizes the use of a maximum of **[amount]** tCO<sub>2</sub>e of the project's GHG emission reductions/removals, issued as carbon credits by BIOCARBON, for each calendar year.
- c) We acknowledge our definition of "**first transfer**" in terms of when we will apply a Corresponding Adjustment for other international mitigation purposes upon [1) authorization, 2) issuance or 3) the use or cancellation of the mitigation outcome, as specified by the participating Party].
- d) BIOCARBON will submit annual reports informing about the emission reductions/removals volumes retired by each entity (ea. Aviation sector -CORSIA) and country. The reporting will be submitted not later than December 31.

By this declaration, the Government of **[Country Name]** confirms that will not use the project's GHG emission reductions/removals to track progress towards, or for demonstrating achievement of, its NDC. Likewise, corresponding adjustments will be executed for national accountability and report in a transparent manner in the biennial transparency reports submitted under Article 13 of the Paris Agreement.

Signature:	
	Date: <b>[DD/MM/YYYY]</b>

<sup>27</sup> The section in brackets is optional to the country to leave it or omit.

## Annex B. Summary information of provisions of the BCR Program for Avoiding double counting

ADC			Provisions in place for Avoiding Double Counting
Issuance	Use	Claim	
			The BCR program informs about policies and procedures for avoiding double counting, specifying along with the conditions or circumstances in which they will be followed.
			Clear information provides about only issuance of Ex-Post Credits and conditions for its Validation and Verification
			Confirmation of project status in another GHG program/registry from where they aim to migrate to Biocarbon
			Preliminary assessment compulsory for GHG projects seeking to be register under BioCarbon and migrating from another GHG program.
			Rules and procedures in place for projects under BioCarbon seeking future migration to other GHG programs.
			Rules and procedures in place for CABs to assess Projects and identify potential overlap with other GHG project boundaries during validation process.
			Public geographic information (coordinates description and KMZ files) of projects pre-register and register under BioCarbon Program.
			Enable secure integration to a decentralized database and platforms with worldwide initiatives that add in the global efforts to enhance transparency and minimize risk of overlapping (initiatives such as CAD-Trust and others).
			Project information: This information is public and includes, among other aspects, the project owners, the emission sources, sinks, the calculation of the project' s emission reductions or removals, and the country and geographical location where the project is implemented
			Indication whether mitigation activities approached by the project are covered by the Host Country NDC targets.
			The BCR program tags each offset credit (Verified Carbon Credit) with a unique identifier (BCR Serial ID)
			The Carbon Credits, includes unique identifying information about the project, includes information related to Country, vintage, and where emissions reduction/removals occurred.
			Publicly indication of whether the offset credit has been retired and the purpose and date of the retirement
			Procedures in place to avoid a project are registering in other programs at the same time that at BCR
			Clear rules for prohibited practices aimed to avoid double use of VCC.
			The registry system indicates whether a VCC is qualified to be used under CORSIA
			Program rules to request Host Countries Attestation Letter for emission units to be use under voluntary schemes as aircraft sector – CORSIA or countries' NDC or voluntary buyers towards climate targets that requires corresponding adjustment by the Host country.

			Registry settings to publicly display Host Attestation letter for those projects authorized to use VCC under CORSIA or other international mitigation purposes linked to Art.6.2. of the Paris Agreement.
			Good practices of reporting of BioCarbon to Host countries in pace.
			Follow up mechanism seeking for evidence of corresponding adjustments done by Countries that signed HCA
			Strong anti-corruption policies are in place that orientate the program procedures and ensure alignment with provisions regarding avoiding double counting and other requirements related to carbon rights and respect for national legislation.
			Additional labeling for CORSIA Emissions Unit Eligibility Criteria concerning double claiming.
			Yearly Reporting to countries that signed Host Attestation letter.
			<b>Project Holder and BioCarbon</b> program identifies whether an adjustment is needed to avoid double claiming concerning using the offset credits under CORSIA.
			Indication of whether associated emission reductions are covered by a GHG target communicated in a country’ s NDC.
			Compensation mechanisms to address, substitute, or reconcile situations where carbon units are claimed by claimed by the Host Country after HCA has been signed and upload in the system.
			Program “BCR Reserve” and project Reserve as a source of emission units to be compensate under potential double counting situation.
			A complaint channel and investigation procedures for ADC suspects
			Precautionary, and corrective measures established by the program
			Disciplinary actions are designed for ADC and project holders involved
			Anti-corruption policies and practices that include for <b>grievance channels</b> to alert about corrupt or suspicious practices during process of obtaining Attestation letter by host countries

*History of document*

**Type of document**

**BCR Tool AVOIDING DOUBLE COUNTING (ADC).** Avoid double counting of emissions reductions.

<b>Version</b>	<b>Date</b>	<b>Nature of the document</b>
Version 1.0	March 9, 2023	First version of the Tool.
Version 2.0	February 7, 2024	<p>An updated version of the tool includes extended provisions for avoiding double use and claiming.</p> <p>Host Country Attestation Letter Updated.</p> <p>Included mechanism of compensation</p> <p>Program provisions for grievances and investigations have been linked to the tool for Avoiding double counting.</p>