



Landscape for Blue Carbon Financing

*The market is an excellent servant
but a terrible master*

Steven Lutz

Sr. Programme Officer, Blue Carbon Lead

GRID-Arendal, Norway

Regional Blue Carbon Workshop in the Western Indian Ocean

Session II: Sustainable Financing for the Management of BCEs

23 Oct 2024

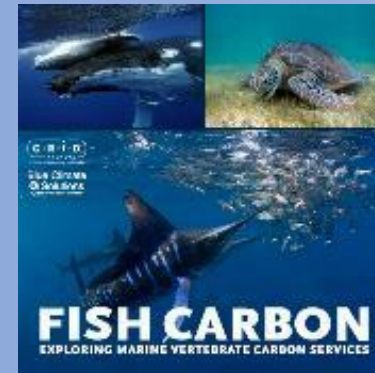
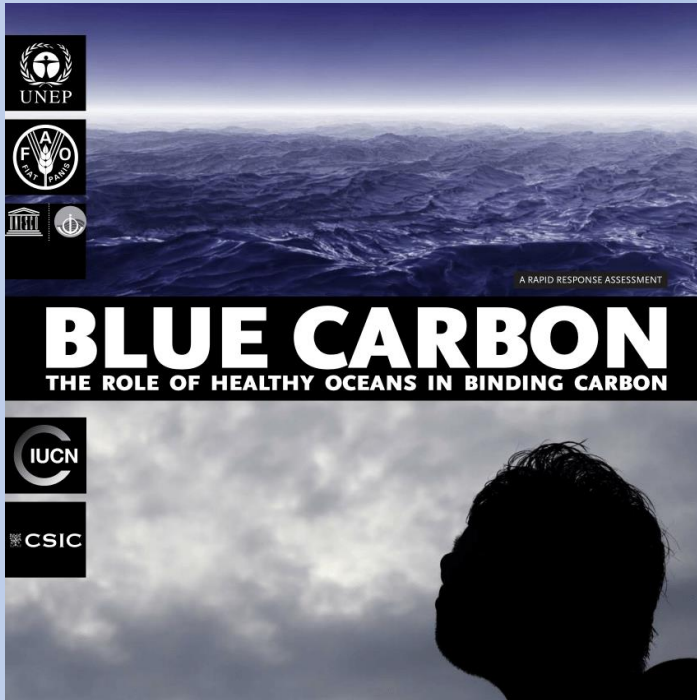


- Non-profit foundation
- Environmental communications centre
- Supported by the Norwegian government
- Partner of the GRID-Arendal United Nations Environment Programme

Mission:

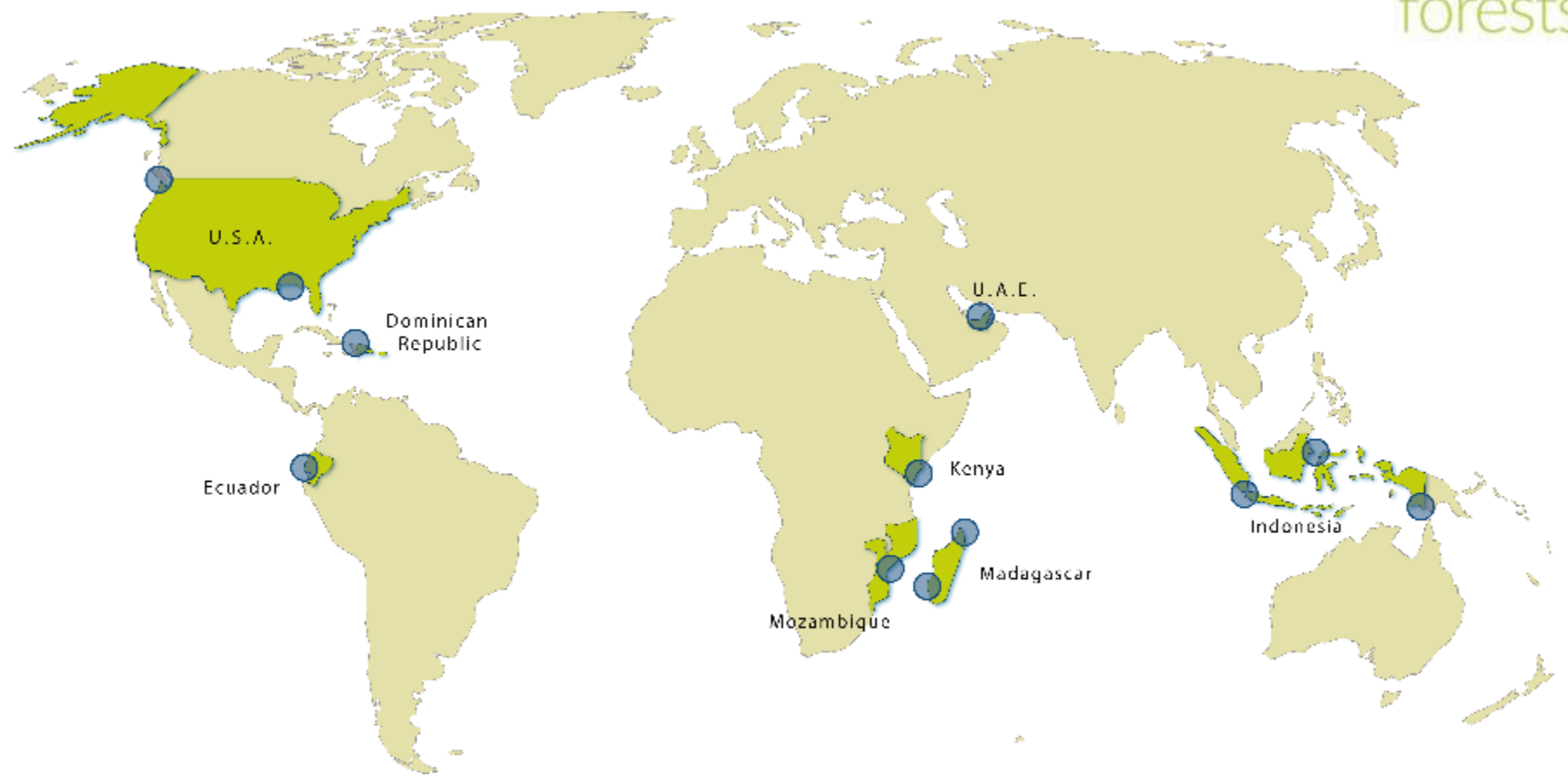
- To support environmentally sustainable development through the environmental work of the UN and other partners
- To communicate information that strengthens capacity and motivates action by decision-makers.
- Integrity, professionalism and respect for diversity



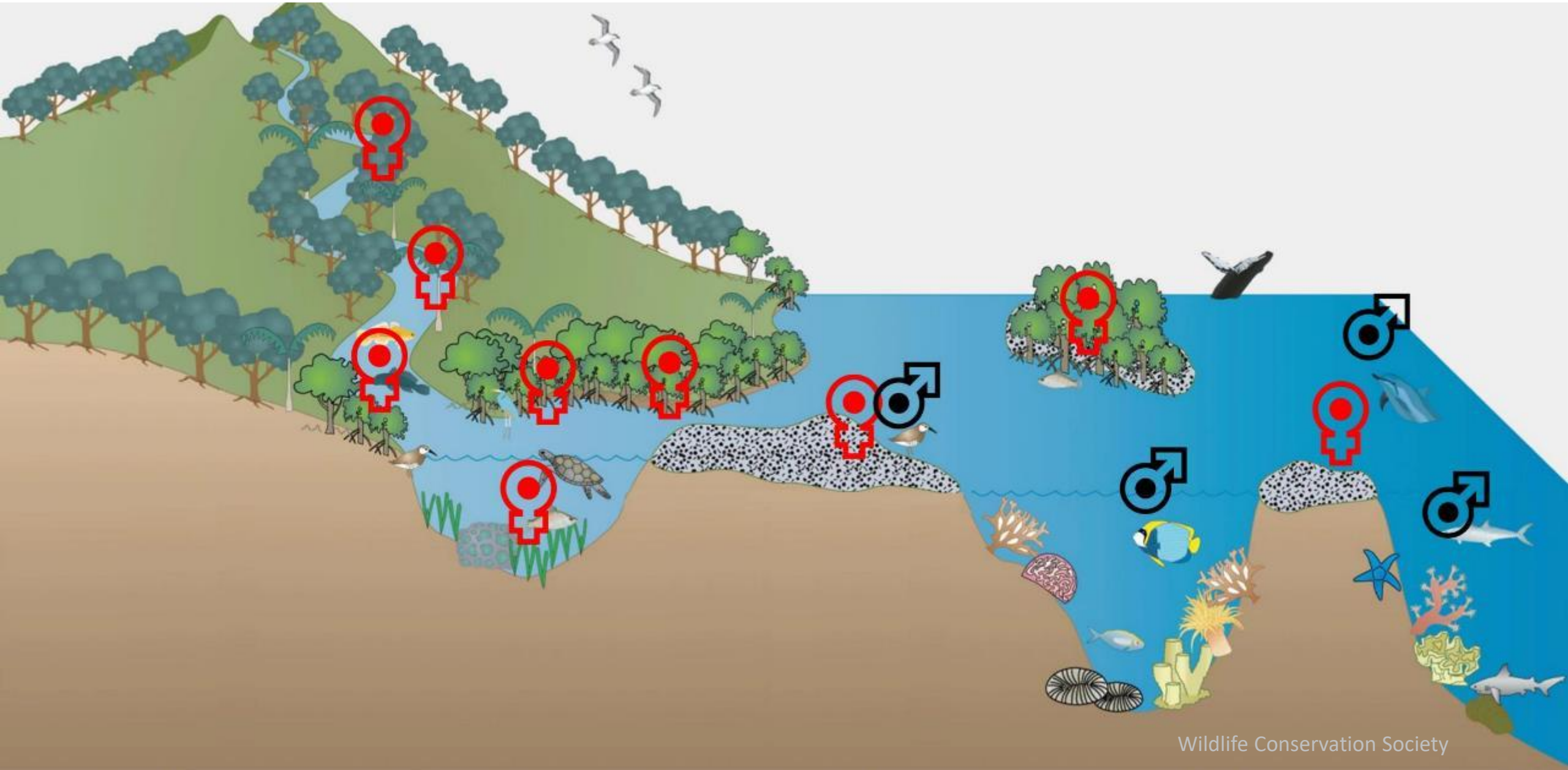


UNEP Blue Carbon, 2009
Produced by GRID-Arendal

UNEP Blue Forests Project



Blue carbon habitat used by women and men



The blue carbon market can work!



GRID-Arendal



GRID-Arendal



KMFRI

Mikoko Pamoja and Vanga Blue Forest:

- Mangrove conservation and restoration
- Benefit sharing = high % “profit” for local communities

“High quality” blue carbon offered

Biodiversity

Carbon

Community



Francis Okalo

Senegal - Saloum Delta



- Insetting carbon project
- 12,000-hectare mangrove restoration
- 300,000 local participants (mostly women) planted 150 million mangroves
- **Socio-economic impacts reported**



Colombia - Vida Manglar



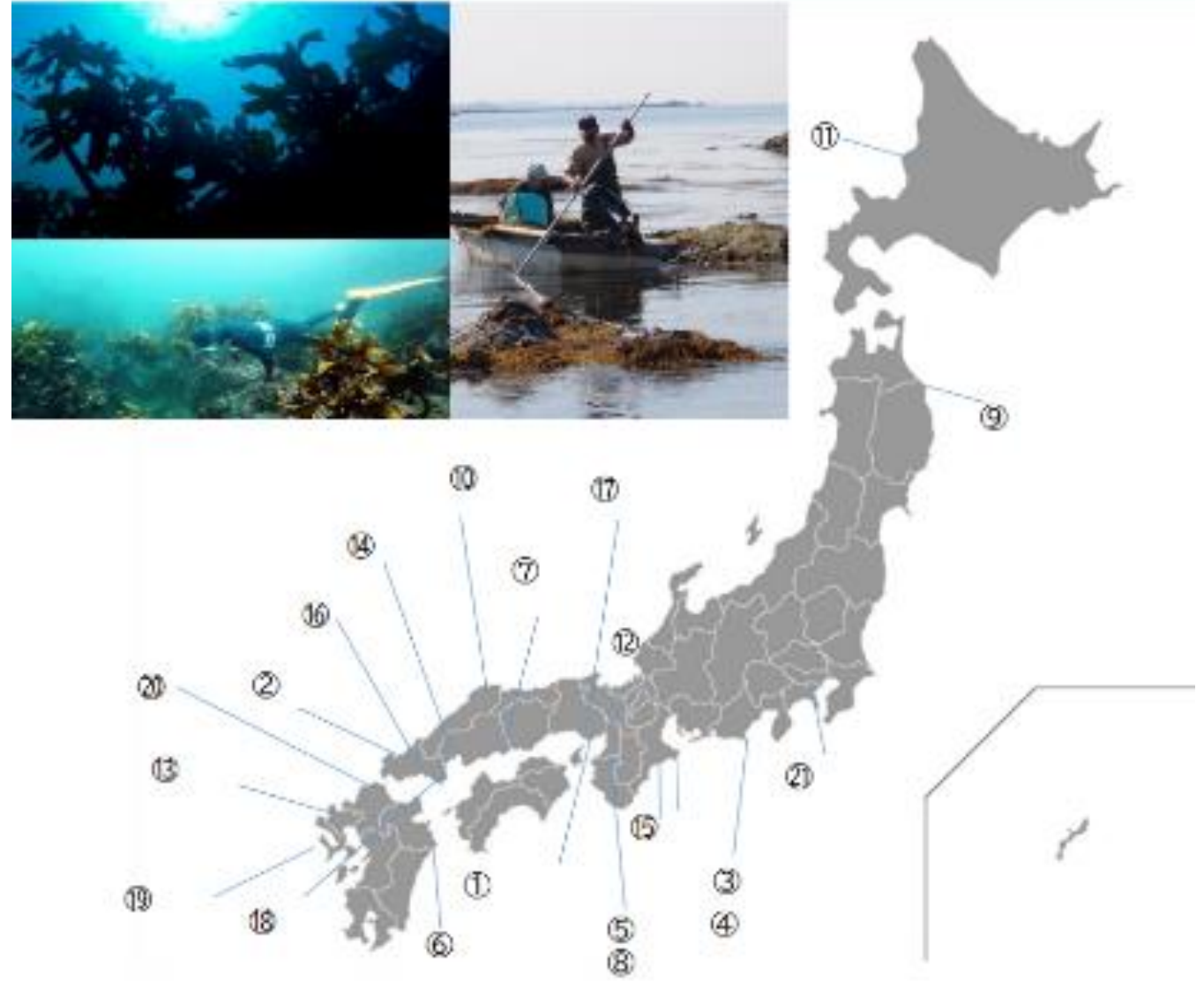
- Verra
- 7,561 ha mangrove forest
- Est. 1 million tons of credit over 30 years
- A conservation project (not for profit)
- Blended finance
- **Revenue < costs**



Japan blue carbon



- J-Blue Credit certification (internal market)
- 22 certified blue carbon projects Small-scale, community-based, seagrass & macroalgae
- Certification fee: 10%
- **Price per ton 60 to 500 USD**



Pakistan - Delta Blue Carbon



- 350,000 ha mangrove restoration
- 40 villages
- Est. 142 million tones of carbon over 60-years
- **Financial allocations unknown**



- Certified by the Verra Standard

- 60 coastal villages, 5,000 households, 43,000 individuals
- Large scale project (350000 ha)
- Mangrove restoration methodology
- March 2022 - first carbon credits sold. 2 million tCO₂e/year expected
- 2023 price = S\$27.80 (€26) per tonne
- Carbon offset purchasers:
 - Microsoft, Carbon Growth Partners (reseller), Trafigura (reseller), Respira International (reseller)(Resellers repack and resell the offsets)

- Issues:

- Verra Standard has been shown to be problematic (fraudulent)
- Large scale project using relatively new methodology = risk?
- Predated offsets included (a practice not accepted by other standards)
- A restoration project on an accreting delta = risk?

- Issues (cont.):
 - Narrative reporting of benefits, can bias information?
 - Benefits listed as: water, sanitation, direct employment
 - Missing = % allocation of revenue?
 - Est. revenue allocation =
 - 60% to Indus Delta Capital
 - 40% to local government
 - 0% to villages (engaged as day laborers)
 - Free, Prior and Informed Consent (FPIC)?
 - National high corruption and poverty index = risk of exploitation?
 - Project developers unresponsive?
- Project is “high quality”

How can blue carbon avoid this?

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The age of extinction
Carbon offsetting

● This article is more than 1 month old

Revealed: more than 90% of rainforest carbon offsets by biggest certifier are worthless, analysis shows

Investigation into Verra carbon standard finds most are 'phantom credits' and may worsen global heating

- **'Nowhere else to go': Alto Mayo, Peru, at centre of conservation row**
- **Greenwashing or a net zero necessity? Scientists on carbon offsetting**
- **Carbon offsets flawed but we are in a climate emergency**

The age of extinction is supported by
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About this content
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✉ @pgreenfielduk
Wed 18 Jan 2023 14:00 GMT

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The Guardian allegations:

- over 90% of rainforest carbon offsets certified by Verra are worthless

Verra disputes the allegations

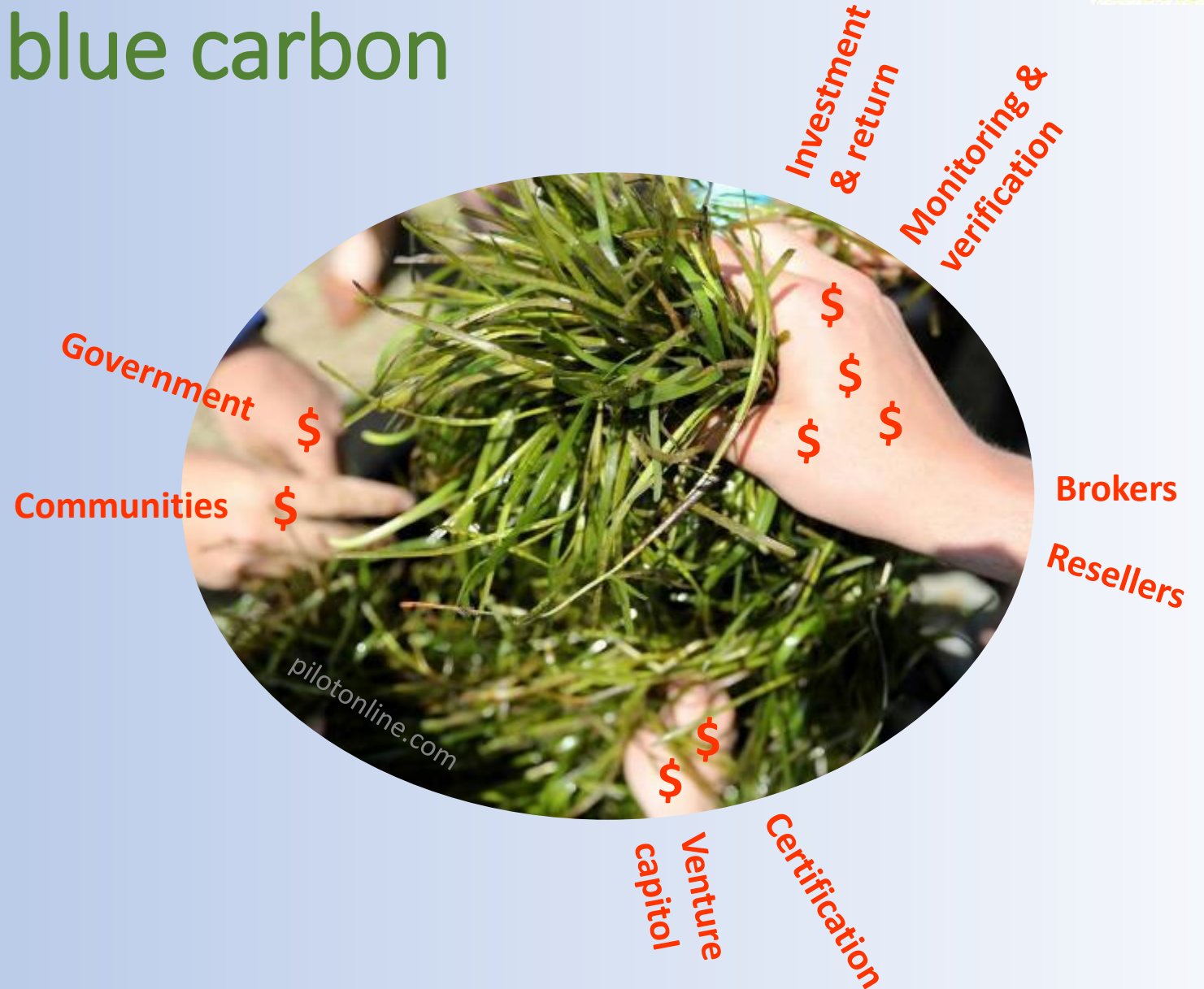
The “Wild West” of blue carbon

Integrity:

1. Is it real carbon?
2. Who benefits?

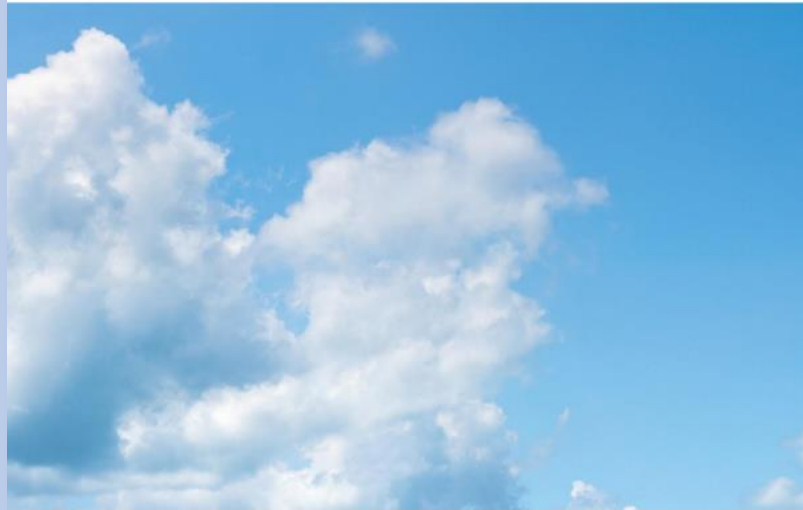
Issues and perceived risks:

- Murkiness of the market
- Broker pressures
- Low offers and low prices
- Large vs. small scales
- Fraud and conflict
- Lack of transparency
- Lack of guidance
- Lack of due diligence
- Role of resellers?
- Fair return on investment?



Is there an appetite for high-integrity?

Criteria for high-quality carbon dioxide removal



Environmental justice

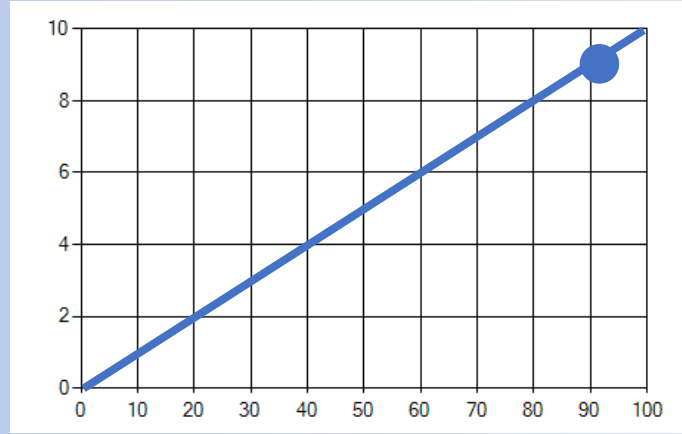
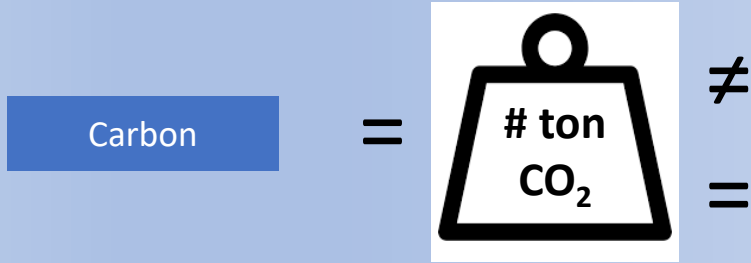
Environmental justice embodies the idea that all individuals should be equitably protected from environmental risk, and equitably empowered to participate in the environmental decision-making processes that affect them. It begins with acknowledging past and present harms to communities of color, low-income communities, and other communities on the front lines of the climate crisis and racial and economic injustice. In the context of climate justice, it recognizes that those who contribute least to climate change and emissions are affected acutely by the changing climate. Environmental and climate justice work redirects leadership, resources, and decision-making to the communities who are most affected and previously excluded.

Note some of these same principles overlap with the **harms and benefits** section previously.

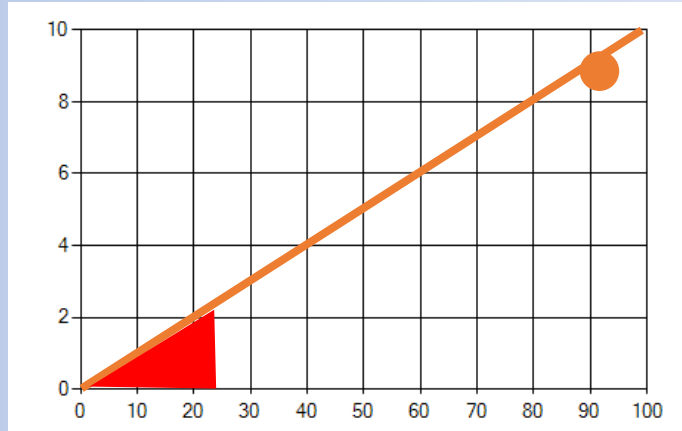
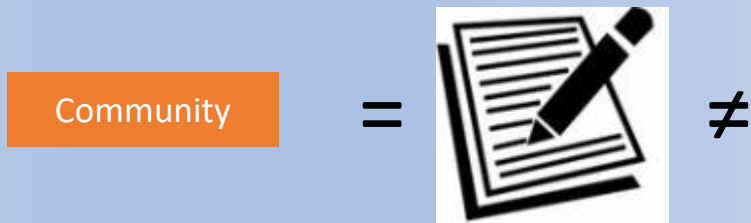
- **Project developers must:**
 - Show that they engage local communities in an ongoing and transparent manner throughout the project lifetime and adopt best practices for engagement and stocktaking exercises.
 - Address worker compensation in their project proposals and commit to compensating workers with living wages.
 - Avoid development or disturbance of land that has been identified as culturally sensitive or ecologically important by community stakeholders.
 - Prevent community displacement.
 - Show that projects have a low risk of community health impacts (such as via negative impacts to air or water quality, land degradation, sound pollution, and/or other disruptions to local residents), and articulate a strategy for mitigating those risks.
 - Have public carbon reduction targets and clean energy transition commitments.
- **Project developers must** articulate what percentage of project revenues or profits go to community members and other local partners, and what form those payments take (for example, cash payments, in-kind payments, or funding for community services).

Metrics for high-quality offsets

Narrative vs auditable

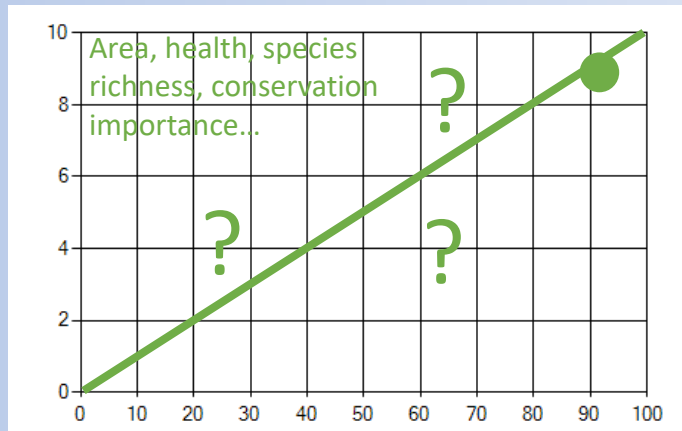
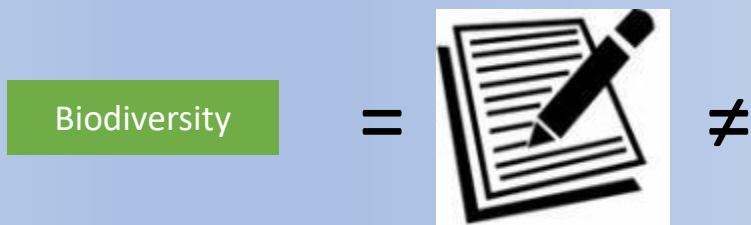


Higher negotiated price



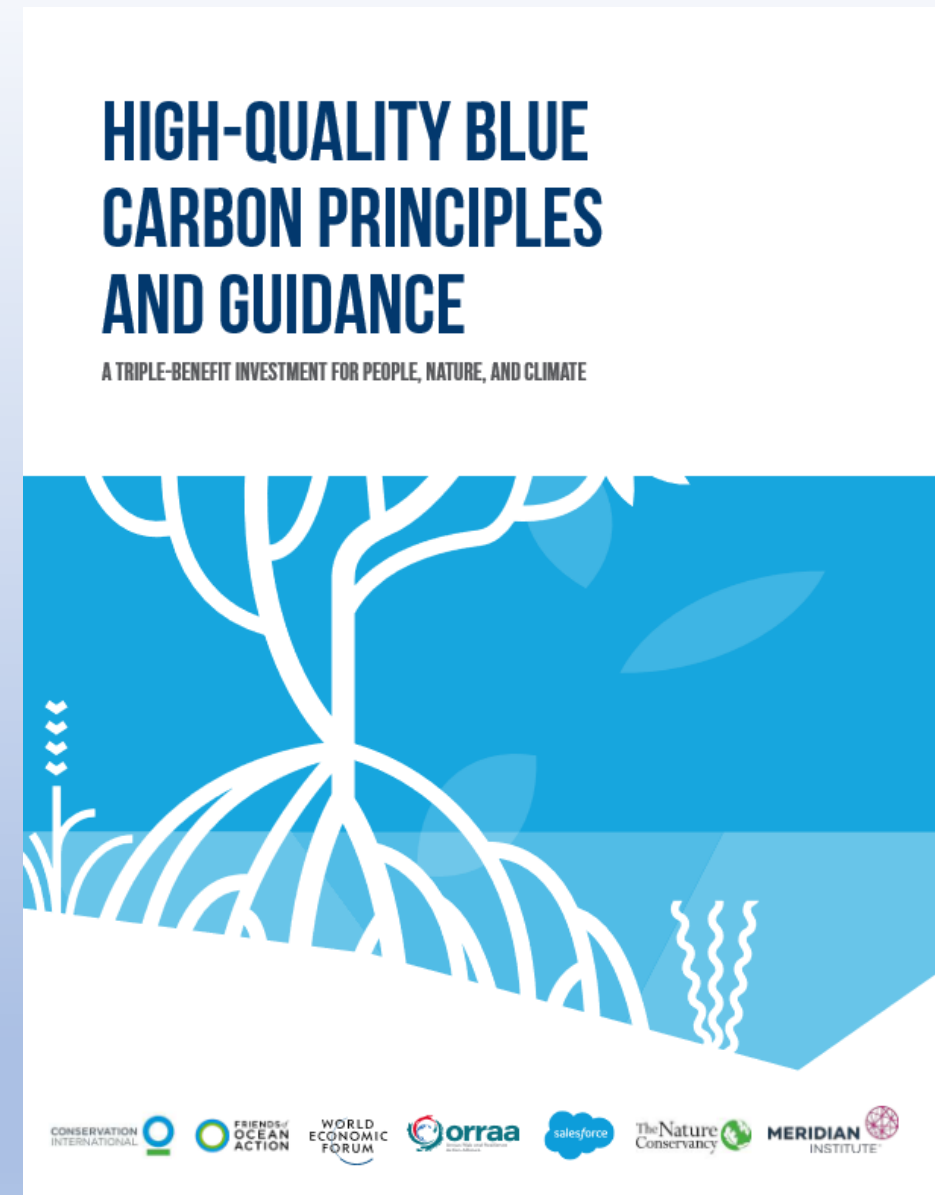
Higher negotiated price

Political & reputational risk



Higher negotiated price

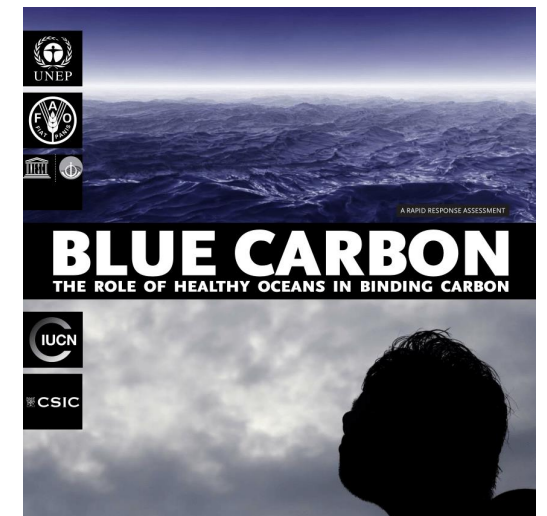
X axis = Quantification & accuracy, Y = Price



- 2017 Blue Carbon Code of Conduct, endorsed by over 90 blue carbon stakeholders
- 2021 High-Quality Blue Carbon Principles and Guidance

Needs & opportunities

- Regional framework for blue carbon financing
 - Increased national governance & capacity
 - Carbon market standards & guidelines
 - Legislative and policy coordination & guidance
 - Business plans
 - Marketing & pricing strategies
 - Coordination with private & financial sectors
- Avoid a blue carbon silo!



MIKOKO YETU

UMUHIMU WA MIKOKO

- Maaadhi ya samali
- Mafaaizi ya vyumba kama kaa na korombe
- Huzuni inamwonyoko wa udongo
- Huruponya uchafu utokan nchi kavu
- Kuni
- Dawa ya hurubo
- Ufungaji wa nyuki na kutina asali
- Utalii
- Utalii



MTIRIRIKO WA FEDHA ZA MAUZO YA HEWA KAA MWAKA 2020



PESA ZA VANGA

PESA ZINAT

1. Mauzo ya h

-Iwapo tutatimiza kila mwaka (ya ku imetunzwa na tuna maeneo yaliyofany katika hali yake ana njia mbada ya matumizi kut kupandwa (miti basi tutaweza 5025 kila mu (Kila kredit = 1 -Pia tutaweza k soko la hewa ka kipekee ni £8- weza kuuza k £40,635-£51,

2. Granti za

-Tunaweza kuo huu na pia tu wanafunzi na

3. Misaada

-Tunaweza pesa kwa m kazi ya hif