



WEBINAR

How to ensure environmentally & socially impactful Voluntary Carbon Markets?

January 23rd, 2024



ABOUT KSAPA

- Core Services
- Team & Network
- Commitment to Advocacy
- SUTTI Initiative & Carbon Approach



Raphaël Hara

Managing Director
Ksapa



A Mission-Driven Organization

Our purpose is to act as a catalyst of a fair and efficient transition.



ADVISE



ACTIVATE



INVEST



ADVOCATE

4 intertwined activities for impact

We **advise** our client on Sustainability, Business & Human Rights, Climate, ESG & Impact Finance.

We design and implement **scalable innovative solutions** and investment programs generating positive impact.

We provide open-source content to **inform and inspire**.



Cross-sectoral experience & Multidisciplinary expertise on:

Sustainability, ESG & Impact, Finance & investment, Human rights, Climate, Digital, Agronomy & Development

Our **unique combination of expertise** enables to **align agendas of various stakeholders**: corporates, financial players, public authorities, civil society, ...



Ksapa provides **global insight** combined with **local implementation**.

A **global outreach** supported by highly qualified teams & a network of **renowned partner organizations** (companies, CSOs & Academics) & of **150+ experts** providing support **on the ground & around the world**.



Ksapa's ESG & Impact Advocacy

A mission-native company, Ksapa's commitment to advocacy is built-in our incorporative statutes. Themes: ESG & Sustainability, Impact Investing, Climate, Inclusive Growth, Circularity, Human Rights

REPORTS & BRIEFING PAPERS

Mitigating Human Rights Risks When Embedding Artificial Intelligence Across Products and Services

7 principles supporting gender considerations when sourcing agricultural commodities

Collaborative initiative – 7 principles guiding collaborative efforts

BLOG & ARTICLES

05 Nov
Companies are you CS3D ready?

13 Oct
Tactical Solutions to Engage Business Partners on Forced Labor Issues

06 Oct
Companies : Overcoming the Challenges of Just Transition

WEBINARS

Leveraging Digital Solutions to Help Scale Up the Agricultural Transition

Using Effective Human Rights Due Diligence to Streamline Compliance Efforts

Mitigating Organizations' Human Rights Risks



Open-Source Resources

Policy options for carbon markets development

The screenshot shows a video player interface. The main video frame displays a woman with glasses speaking. The background of the video features a slide with the text "CLIMATE IN ACTION" and "Environment, Natural Resources and Agriculture Division, South Asia Department". There is also an illustration of people climbing ladders to reach a green square. The ADB logo is visible in the bottom left corner of the video frame. On the right side of the video player, there are three small video thumbnails of other participants. Below the video frame, the title "Carbon Initiative Scoping Study - Results Presentation" and the URL "events.development.asia" are displayed.

<https://events.development.asia/learning-events/carbon-initiative-scoping-study-results-presentation>

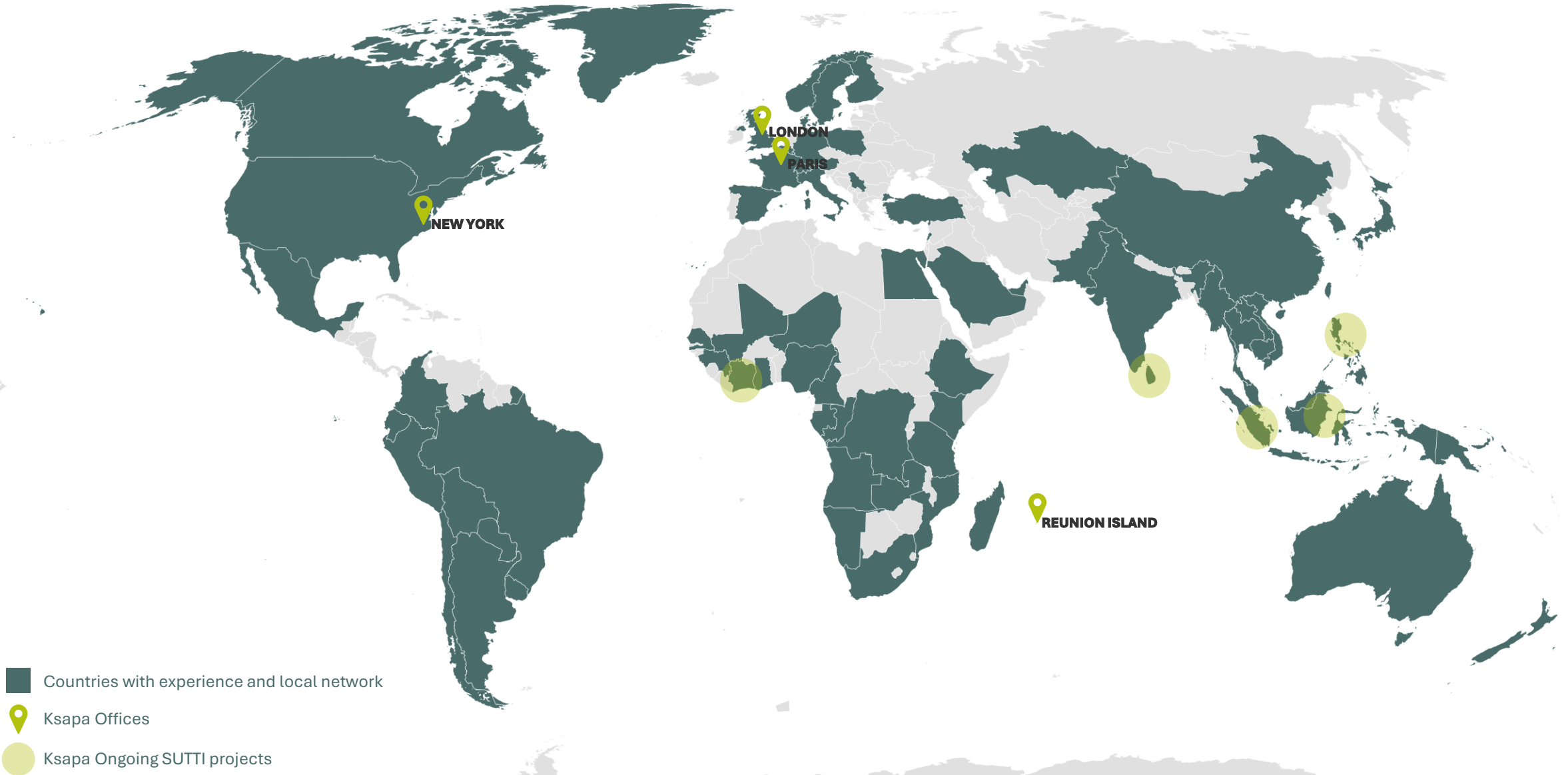
Leveraging digital solutions for inclusive carbon markets

The screenshot shows a video player interface with a green background. The main text reads "Leveraging digital solutions & carbon finance: A game changer to engage smallholders in the transition towards regenerative agriculture" with a red play button icon. Below this, the date "Wednesday, March 9th, 2022" and the time "4:00 AM-5:30 AM Eastern Time" are displayed. In the top right corner, there is a logo for "2022 ICT for Ag" with the tagline "A regarder Partager".

<https://www.ictforag.com/session/leveraging-digital-solutions-carbon-finance-a-game-changer-to-engage-smallholders-in-the-transition-towards-regenerative-agriculture/>

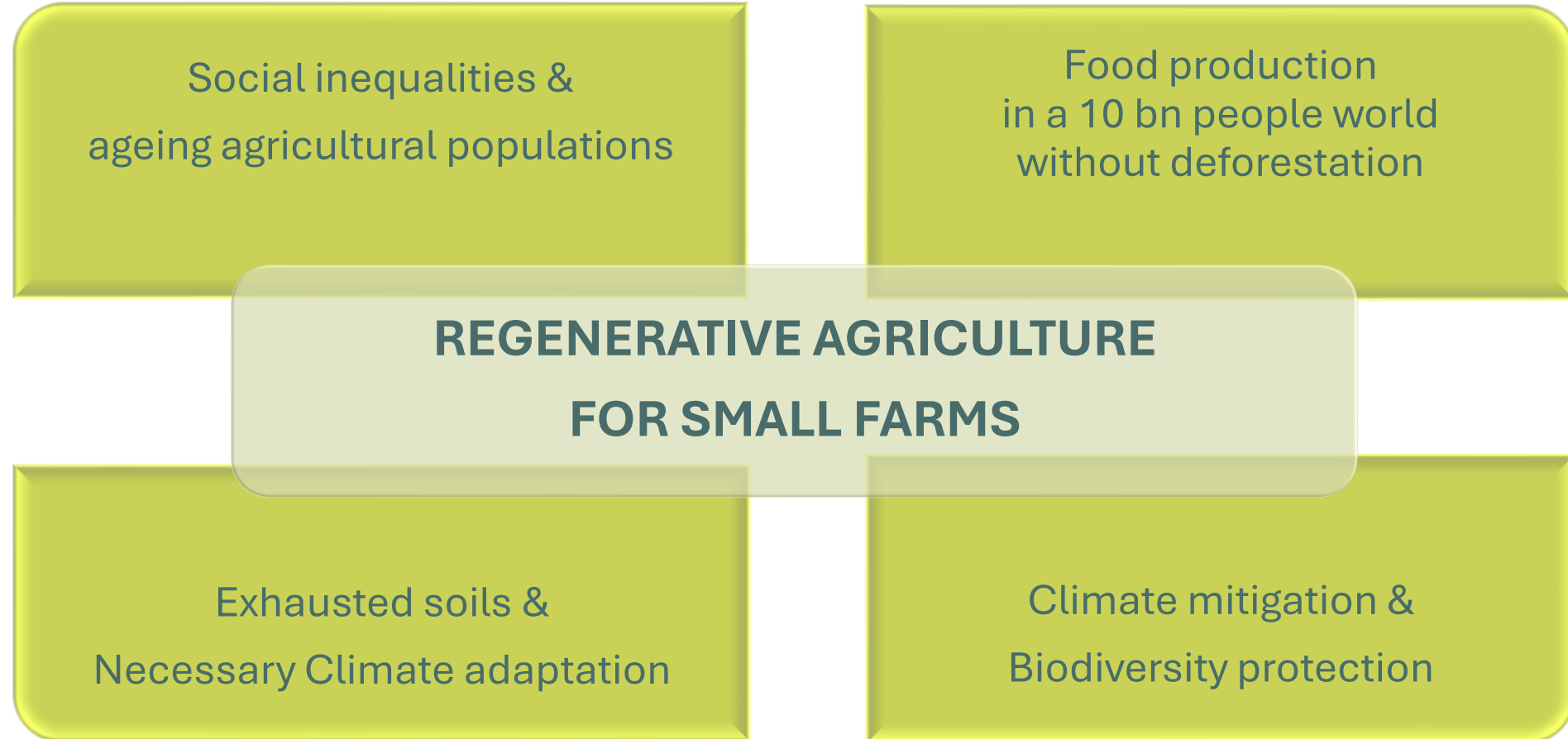


Ksapa's Geographic Footprint



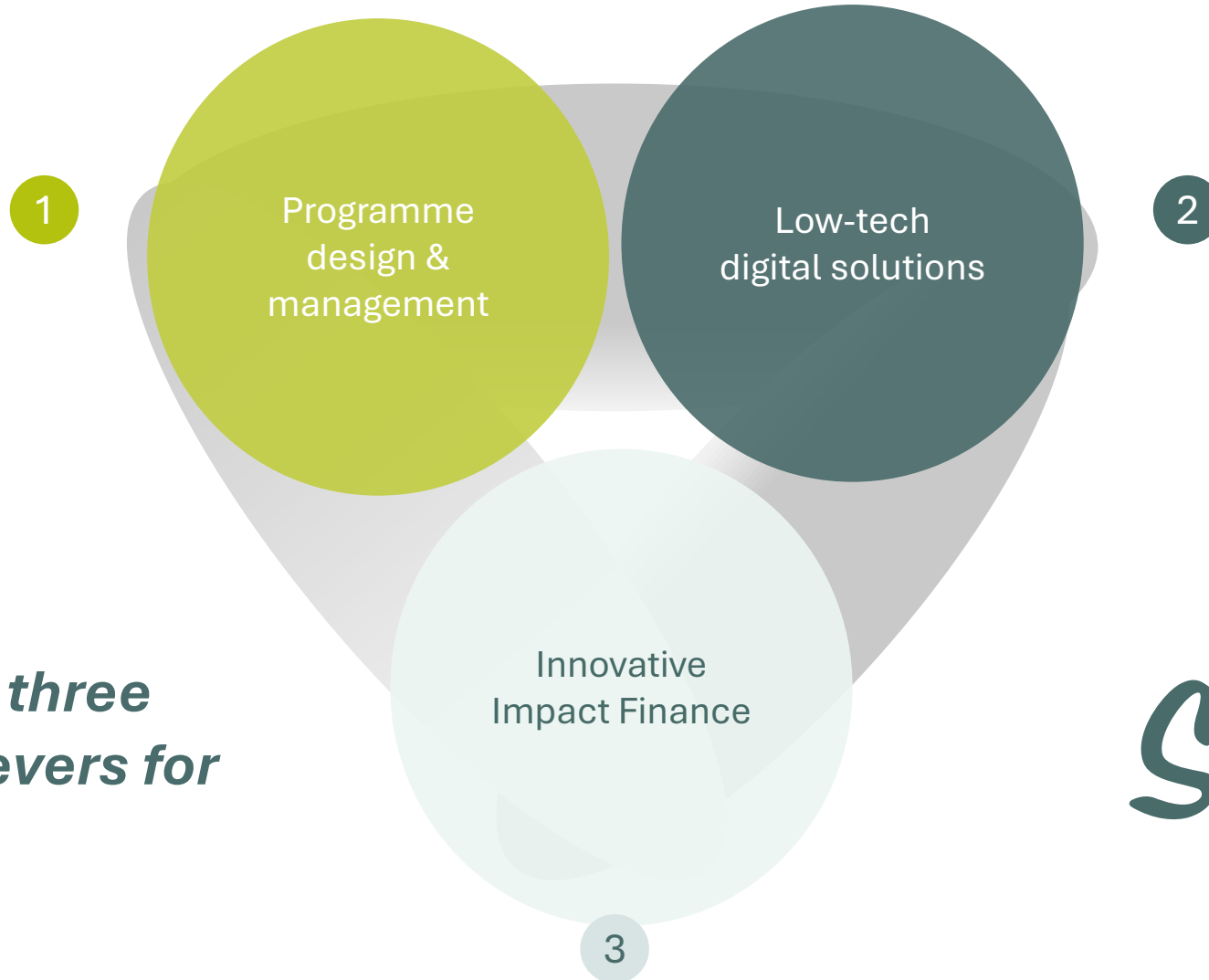


Regenerative Agriculture: Unavoidable... but hardly reaching the 1st mile





Addressing Value Chain Needs with *Sutti*



"Sutti activates three complementary levers for impact"





Sutti Digital Suite

Participant App For smallholders

Feature phone
compatible

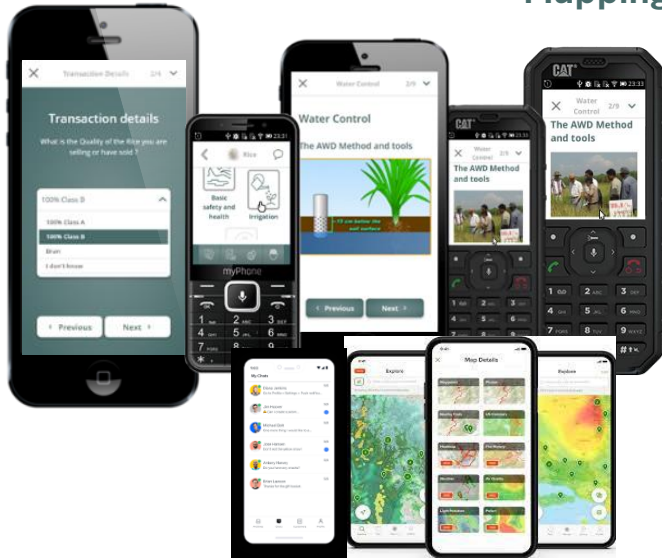
Off-line
mode

Illiterate
friendly

E-Learning

Impact
Measurement

Sourcing
Mapping



Price,
weather,
events alerts

Chat

Geolocation &
Geo plotting



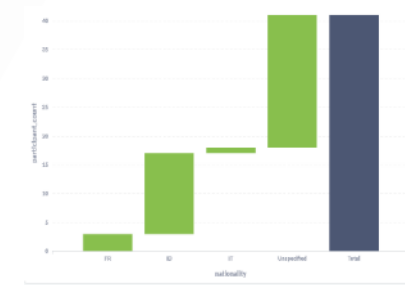
Sutti Digital Suite

Back-office For Local Instructors



Reporting Dashboard For sponsors

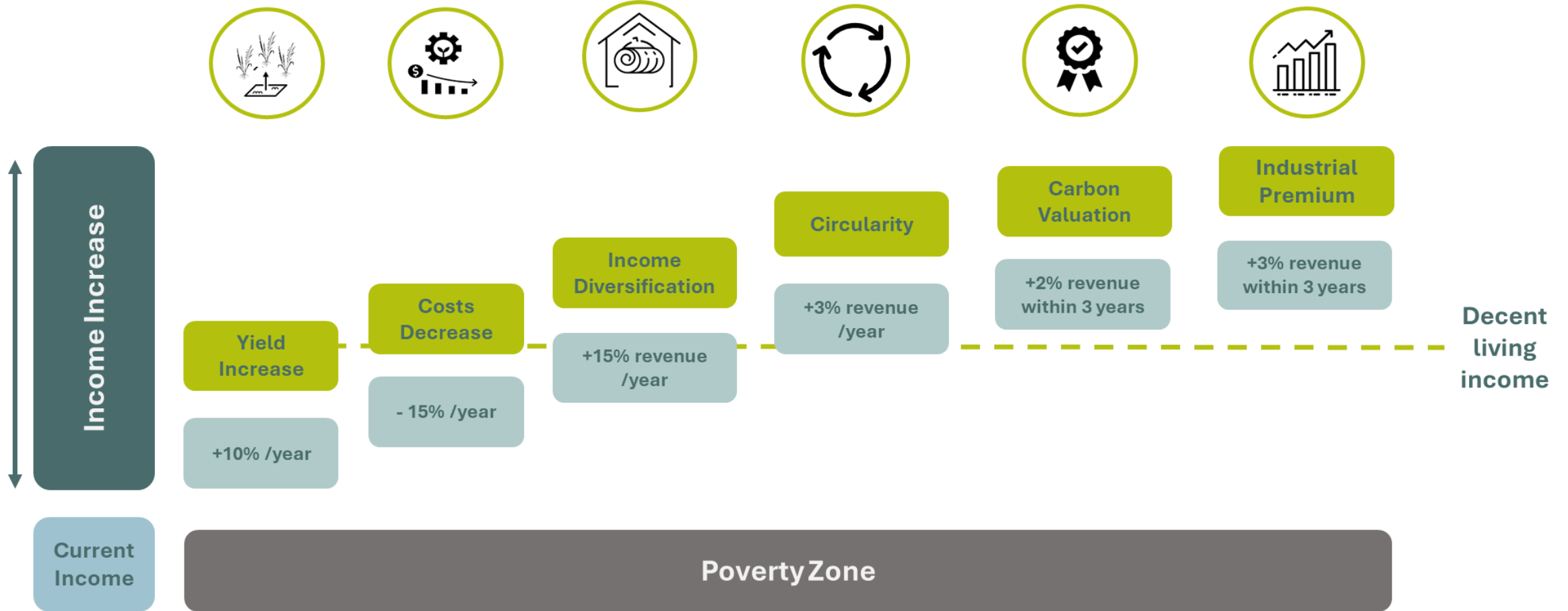
Impact Program Commodity
KPIs Monitoringsourcing map





6 Key Economic Levers

Allowing to significantly increase smallholder income and operational efficiency



Based on the example of a 2ha rice plot

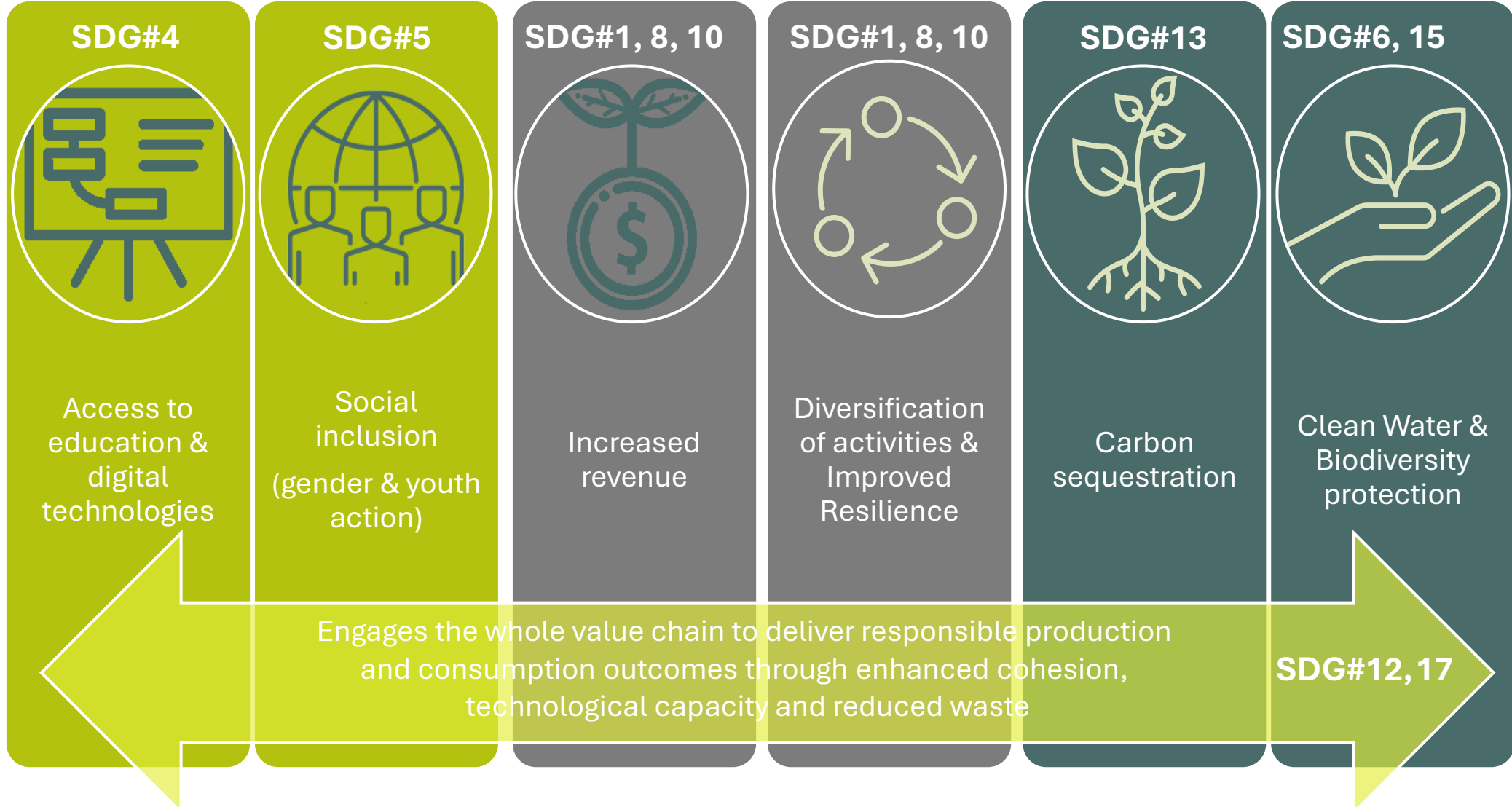
ADDITIONAL REVENUE INCREASE LEVERS

-  **FARM MANAGEMENT DIGITAL & FINANCIAL LITERACY**
-  **GENDER & YOUTH INCLUSION**



Delivering on the SDGs by Engaging the First Mile

A multidimensional impact approach





Sutti Carbon Approach: Monetizing Positive Change of Practices

1

SUTTI programs induce **changes of practices** towards regenerative agriculture through capacity building & incentives

2

Carbon sequestration and GHG emissions decrease can be **valued**: biomass increase, soil sequestration, methane emissions decrease, etc.

3

A significant proportion of **existing farms** are eligible to carbon offsets depending on specific qualification conditions, with no or **reduced land competition**. Carbon markets are expected to grow and **reforestation only cannot meet the expected demand for AFOLU projects**.

4

SUTTI operational scheme makes **monitoring** of these change of practices and of their impacts possible, at an **affordable cost**

5

Part of the revenues generated help bear the operating expenses related to the program, and part of them are **retroceded** to Smallholders to secure their long-term participation

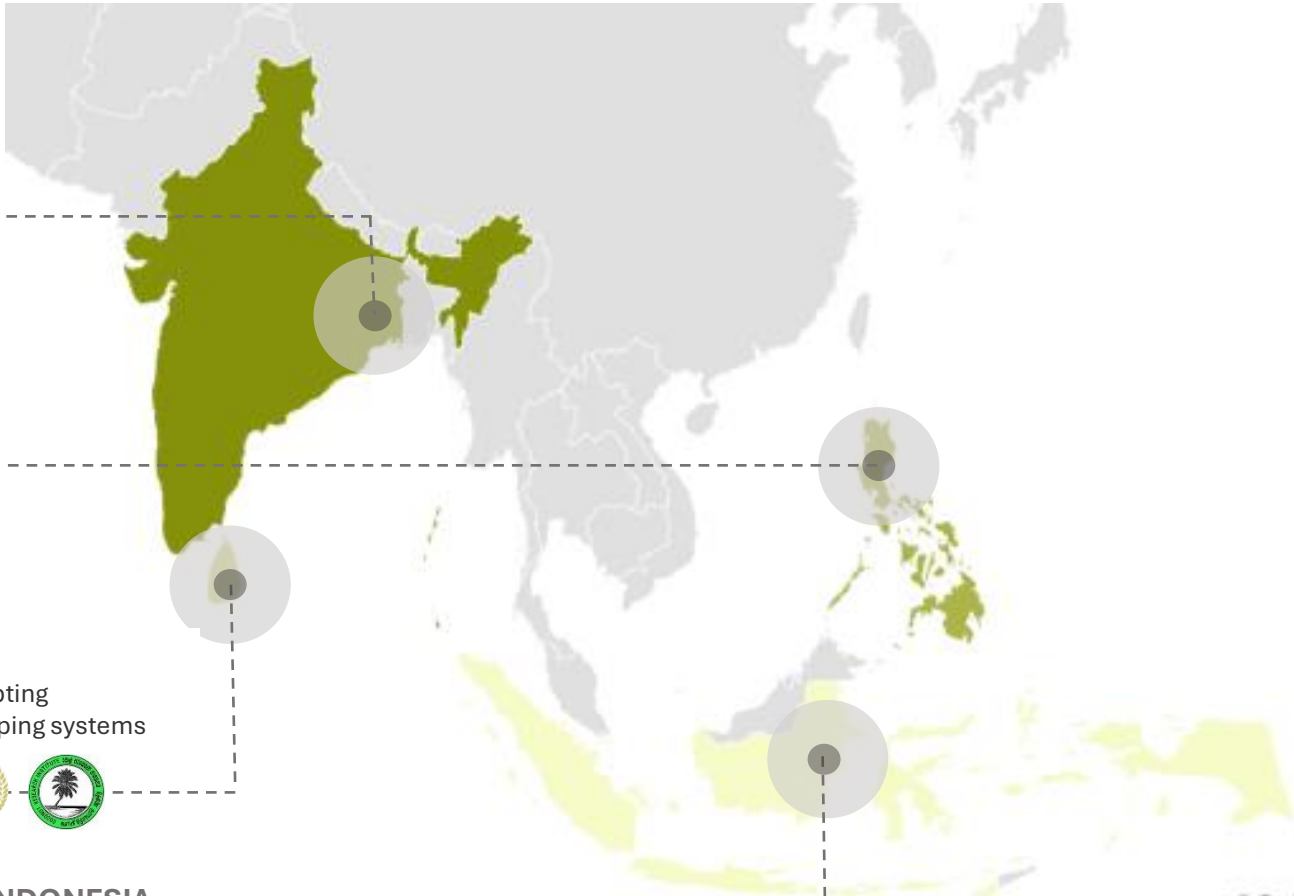
6

Intercropping or decrease of chemical intrants also favor **biodiversity**, and **social benefits** (increase in revenues, resilience, working conditions, access to training, etc.) are a primary target of the SUTTI Approach

It also paves the way for “**SDG credits**” (SD Vista, CCBB, GS Global Goals, Water credits, etc.)



SUTTI Carbon Programs Under Development in Asia



Rice | INDIA

Support of 20,000 farmers to transition to AWD practices to reduce methanization in rice cultivation



Coconut | PHILIPPINES

Support farmers in adopting sustainable practices & intercropping systems within coconut plantations

Rice | SRI LANKA

Support of 15,000 farmers to transition to AWD practices to reduce methanization in rice cultivation

Coconut | SRI LANKA

Support farmers & estates in adopting sustainable practices & intercropping systems within coconut plantations



Rubber | INDONESIA

Replantation of intercropping systems over degraded lands & dissemination of sustainable practices to rubber farmers.





How to Ensure Environmentally & Socially Impactful Voluntary Carbon Markets?

Zoom on AFOLU projects

How to ensure socially & environmentally impactful Voluntary Carbon Markets?

23 January 2024 | 5pm (CEST) | 11am (ET) | 8am (PT)

With insights from expert panelists



CLIMATE
POLICY
INITIATIVE

CARLA ORREGO

TRANSFORMATIVE FINANCE LEAD
& LAB PORTFOLIO MANAGER,
CLIMATE POLICY INITIATIVE

HUGH SALWAY

Gold Standard

SENIOR DIRECTOR, MARKET
DEVELOPMENT & PARTNERSHIPS,
GOLD STANDARD



ksapa

ADRIEN COVO

SENIOR PROGRAM OFFICER,
FINANCE & DEVELOPMENT, KSAPA



WEBINAR

How to Ensure Environmentally & Socially Impactful Voluntary Carbon Markets (VCMs)?



Adrien Covo

Senior Program Officer
Ksapa



Emergence & Growth of Voluntary Carbon Markets



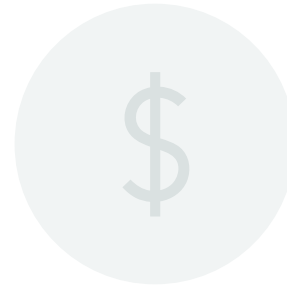
Voluntary Carbon Markets are expected to **grow from \$1 bn per year to \$150 bn** according to Mark Carney, with strong potential impact on Carbon prices



At least one-fifth of the world's largest 2,000 public companies had committed to meeting **net-zero targets** by mid-century in 2022



A strong expected growth with an up to 15-fold increase in demand for Carbon credits expected by 2030



The average price of Voluntary REDD+ credit jumped about \$7.50/mt in 2022, more than doubling



Strong transformational potential for the decade to come through NBS



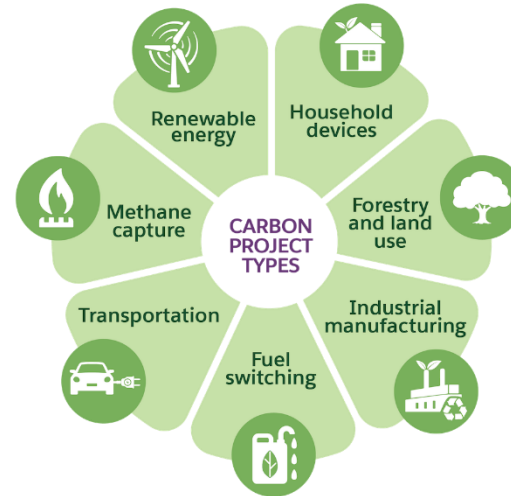
Recent Controversies Rocking VCMs

Controversies questioning VCMs' impact

- **Low environmental impact:** overestimated deforestation in conservation projects, static baselines, double counting,...
- **Infringed human rights:** eviction of indigenous communities, land grabbing, forced labor...

All carbon projects are concerned: renewable energy, agriculture...

But ensuring social & environmental value is even more complex for **AFOLU*** projects!



Constructive criticism is needed

- Evaluation & criticism of methodologies used is helpful for **young markets**
- VCM financing model can be virtuous: improvements needed

* Agriculture, Forestry & Land Use

Example of controversies

Kenya's Ogiek people being evicted for carbon credits - lawyers

© 9 November 2023



BP and Spotify bought carbon credits at risk of link to forced Uyghur labour in China

Credits sourced from carbon project that was centred on biomass power plant in Xinjiang, investigation finds

• **What do we know about forced labour in Xinjiang?**



... set on fire



Oil major-owned project developer denies deceiving Indigenous people into signing carbon credit contracts

Published 00:34 on November 11, 2023 / Last updated at 21:00 on November 14, 2023 / William Koblenzky Varela / Americas, Nature-based, South & Central, Voluntary

An offset project developer part-owned by a major oil company has denied allegations by a Brazilian investigative news outlet that Indigenous people in the Amazon were deceived into signing carbon credit contracts.

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

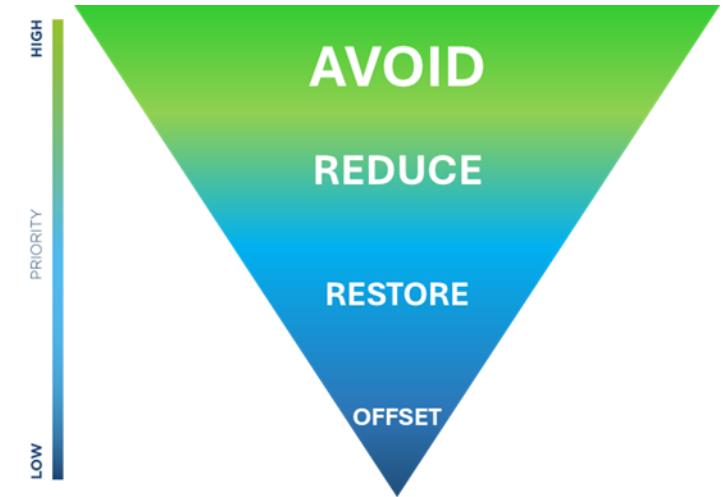
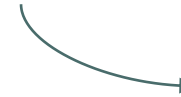


Reframing the Role of VCMs within Mitigation Strategies

VCMs may offer a virtuous solution to climate change, but compensation must be used as a last resort!

First things first...

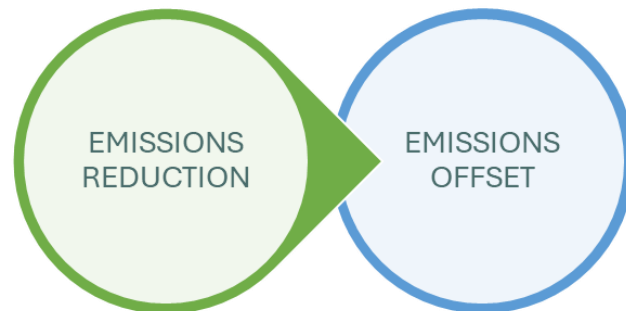
- Corporates are increasingly establishing climate strategies: +80% increase in the number of companies setting **Science-Based Targets** (with SBTi) in 2022
- “**Mitigation hierarchy**” guide prioritization of actions to achieve targets



MITIGATION HIERARCHY

Reductions & compensations!

- Off-setting has been introduced by Kyoto Protocol in 1997
- IPCC 1.5 model specifically highlighted need for fossil fuel emissions reductions before carbon removals!





Ensuring Carbon Credits Integrity

While offsetting is the last resort, **not all carbon credits are created equal!**

Enhancing climate integrity

- 3 dimensions to assess climate integrity: **verified – additional – permanent**
- **Divergence** in methodologies & monitoring processes impact credits' quality
- **Task forces** have emerged to standardize integrity principles

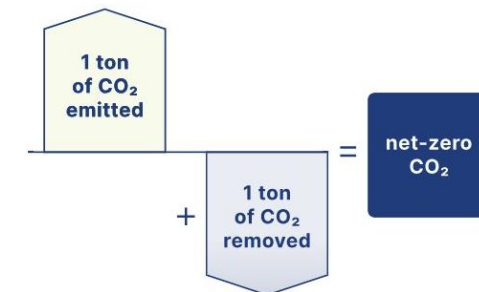
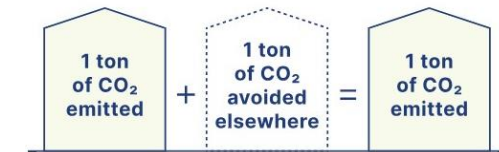


| Carbon credit definition: | Threshold quality standards for the carbon credit: ¹ |
|--|---|
| A carbon credit is a verifiable action that compensates for the emission of one ton of CO ₂ e | Real ✓✓ |
| Carbon credits need to fulfill minimum quality criteria listed here | Based on realistic and credible baselines ✓✓ |
| | Monitored, reported and verified ✓✓ |
| | Permanent ✓✓ |
| | Additional ✓✓ |
| | Leakage accounted for and minimized ✓✓ |
| | Only counted once ✓✓ |
| | Do no net harm ✓✓ |
| | Earliest project start date 2016 ² |
| | Only jurisdictional or nested REDD |

TSVCM'S CORE CARBON PRINCIPLES

But GHG integrity only!

- Some integrity criteria remain difficult to assess: permanence of **avoidance & removal NBS** projects for example
- Integrity as it stands **focuses only** on GHG emissions or carbon sequestration!



Credit: Swiss Re

CARBON AVOIDANCE VS REMOVAL



Complementing VCMs' Integrity



Ensuring respect of indigenous people's human rights

Free Prior Informed Consent (FPIC) principle: respect, transparency, fair & equitable process

CANCUN SAFEGUARDS

COP sets out the following safeguards for REDD+ projects with regards to indigenous communities:

- 03 Respect for knowledge & rights of indigenous people
- 04 Participation of indigenous people
- 05 Actions should be consistent with the need for sustainable livelihoods of indigenous people

Incentivizing additional positive co-benefits



Climate, Community & Biodiversity Standards
A VERRA STANDARD

Additional **VERRA standard** to reward community action & biodiversity preservation



Gold Standard requires projects to contribute to 2 SDGs: increasing value delivered towards SDGs

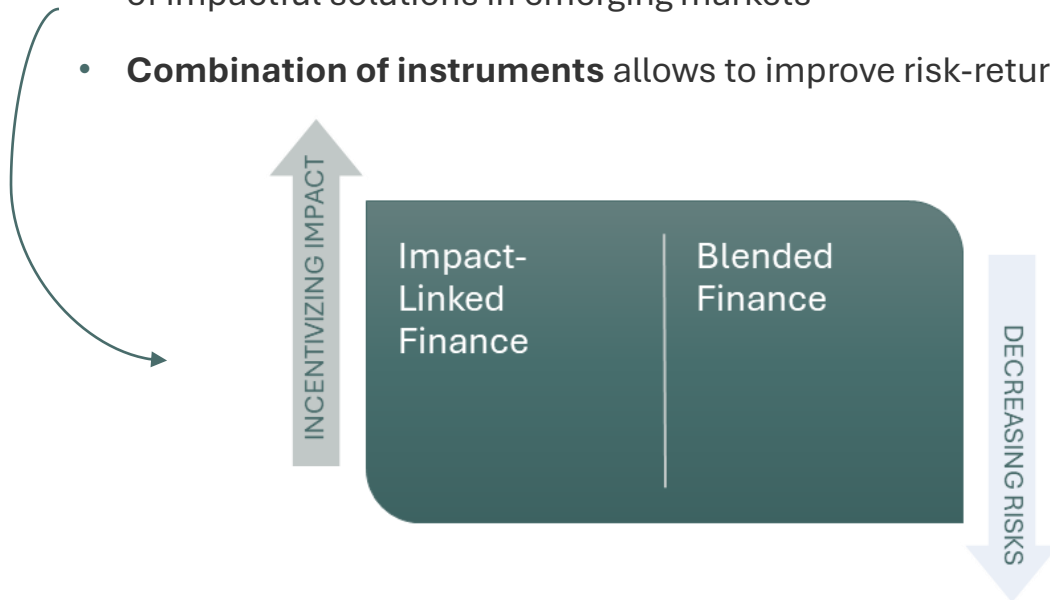
Balancing Social Action & Profitability

Social action may impede profitability

- Working with vulnerable populations – such as smallholders – induces more **complexity** requiring more field support
- **Multidimensional projects** aim to conduct several interventions which requires more management & field support

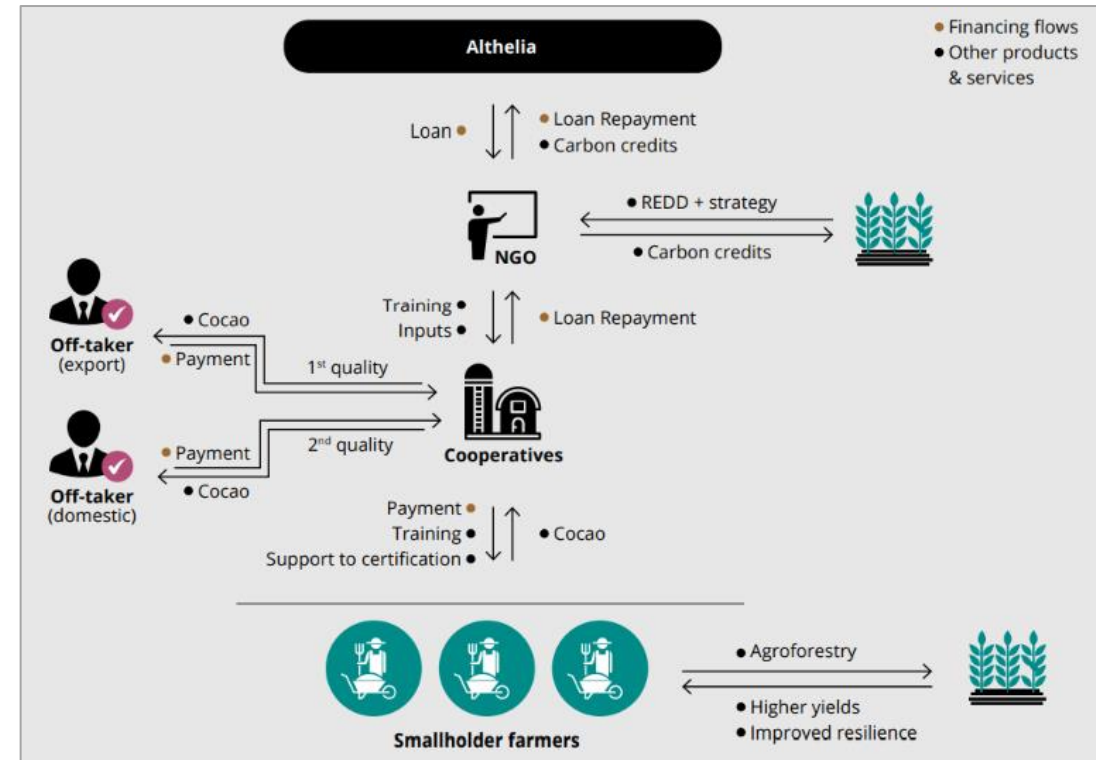
Combining several instruments

- **Financial innovations** have emerged recently to improve bankability of impactful solutions in emerging markets
- **Combination of instruments** allows to improve risk-return ratio



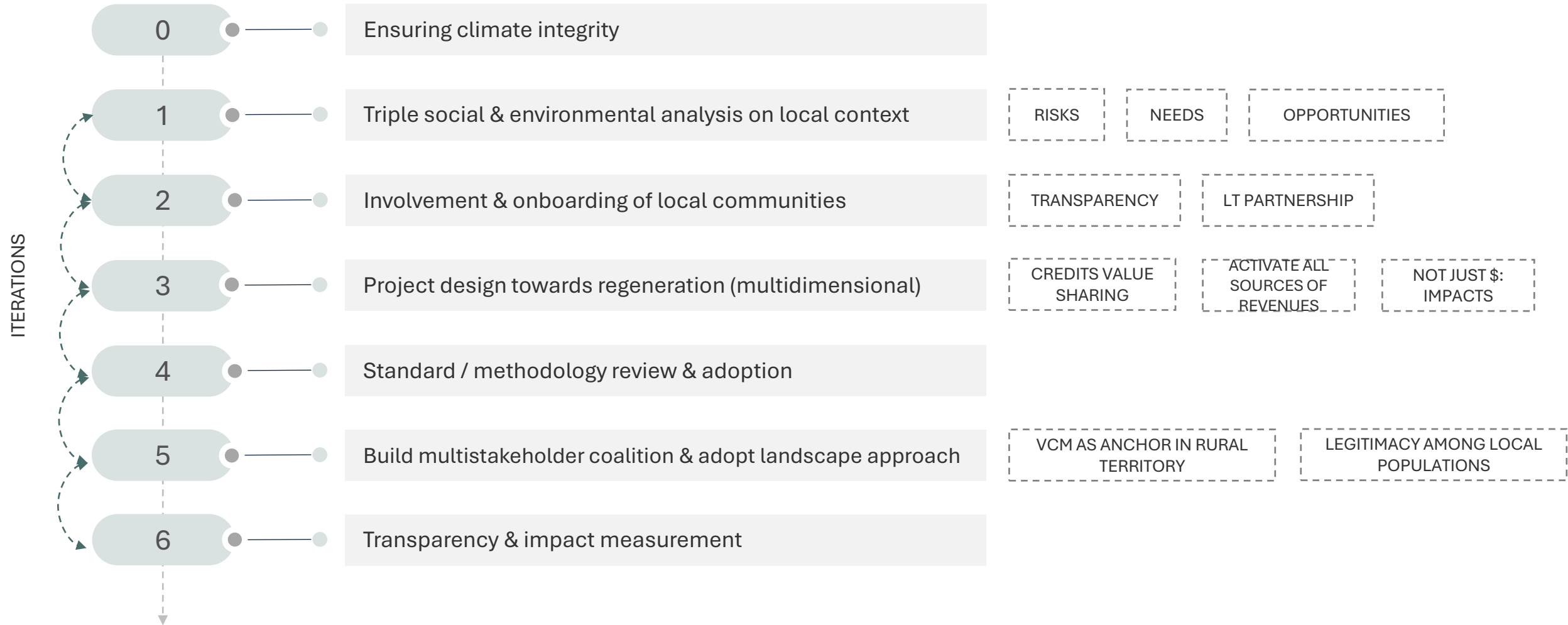
Tambopata-Bahuaja Case Study

- Conservation activities conducted with smallholders in biodiversity hotspots in Peru
- Project is structured around Althelia fund:
 - Fund is backed by USAID guarantee
 - Fund provides below-market rate loan to NGO to conduct activities
 - NGO leverages carbon credits to repay loan





Tentative Methodological Approach to Design Impactful VCM Projects





WEBINAR

How to Ensure Environmentally & Socially Impactful Voluntary Carbon Markets?



Carla Orrego

Manager

Climate Policy Initiative

Climate Policy Initiative



CPI is an analysis and advisory organization with deep expertise in finance and policy.

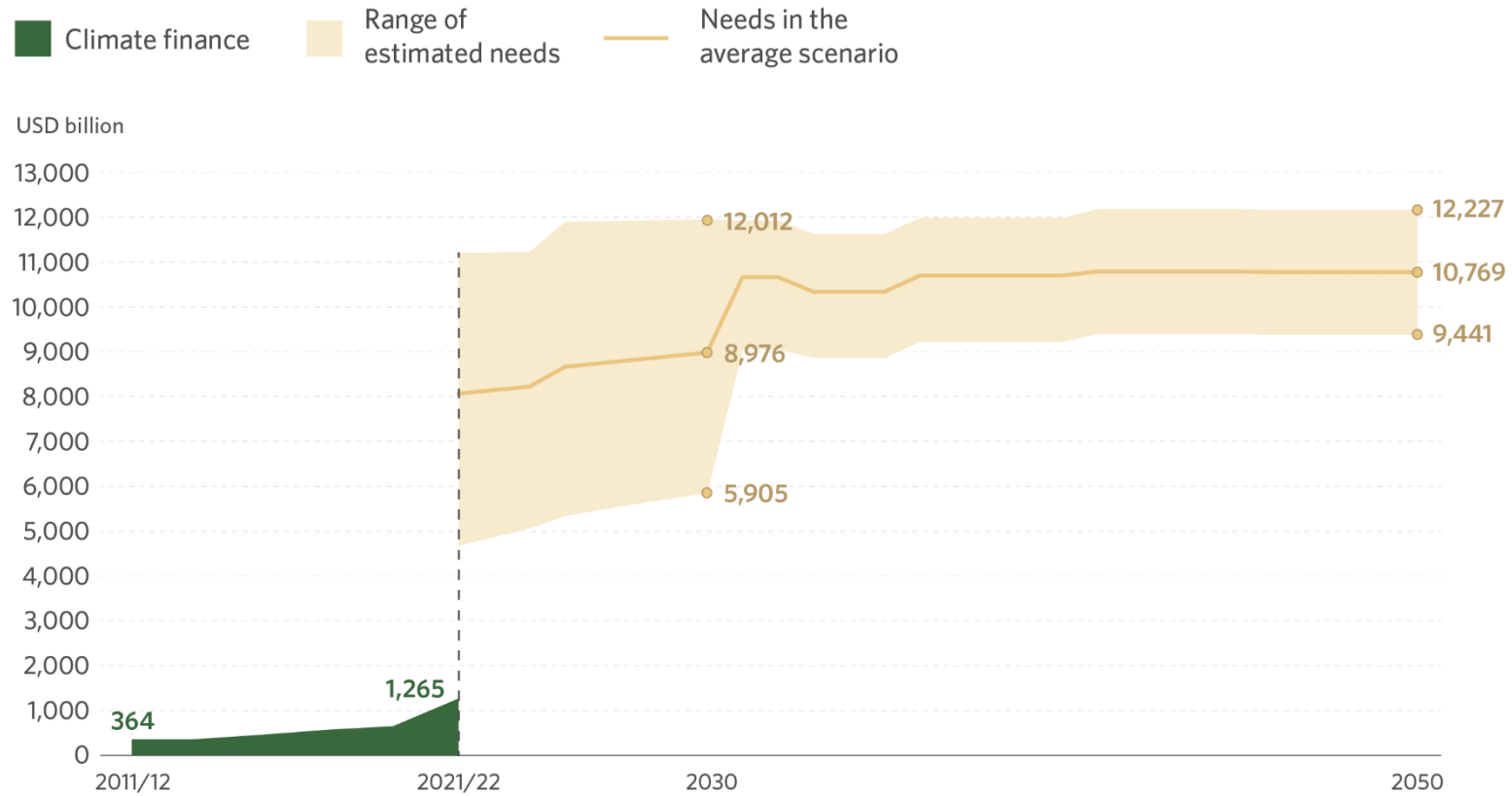
Our mission is to help governments, businesses, and financial institutions drive economic growth while addressing climate change.

Our vision is to build a sustainable, resilient, and inclusive global economy.



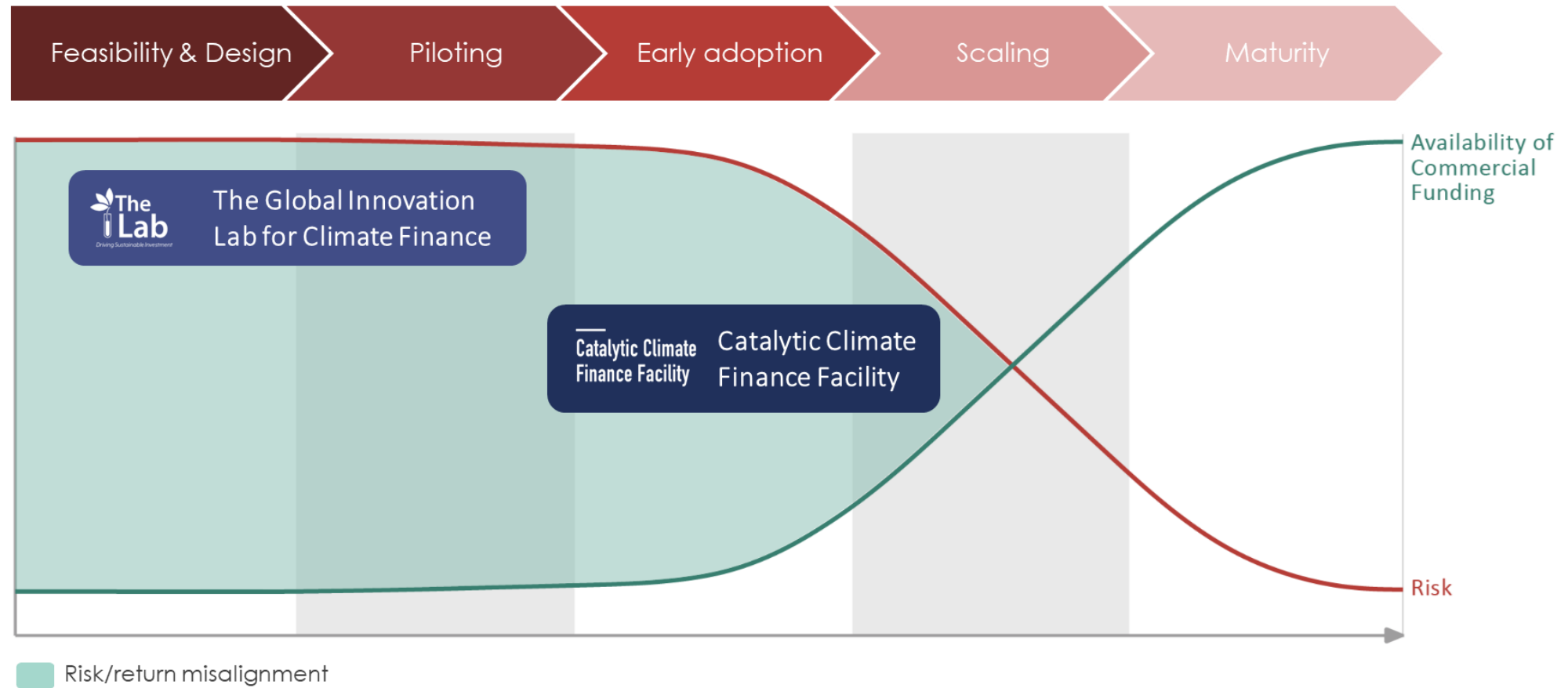
Global NDC Implementation Partners (GNIplus)

The climate finance funding gap is increasing exponentially and investment levels are far behind of what is needed for a successful low-carbon transition



Source: Global Landscape of Climate Finance 2023, Climate Policy Initiative (Nov 2023)

CPI has been working to develop bankable solutions and address investment pipeline risks to crowd-in private capital to tackle climate challenges





WEBINAR

How to Ensure Environmentally & Socially Impactful Voluntary Carbon Markets?



Hugh Salway

Senior Director
Gold Standard Foundation



Gold Standard works to deliver the **greatest impact** for climate security and the Global Goals.

- ▮ Founded by WWF and other NGOs in 2003
- ▮ Swiss non-profit headquartered in Geneva
- ▮ Endorsed by broad NGO Supporter Network

▮ **350+**

Project developers

▮ **3400+**

Projects in
100+ countries

▮ **250M+**

Tonnes of
CO2e reduced

▮ **\$40+**

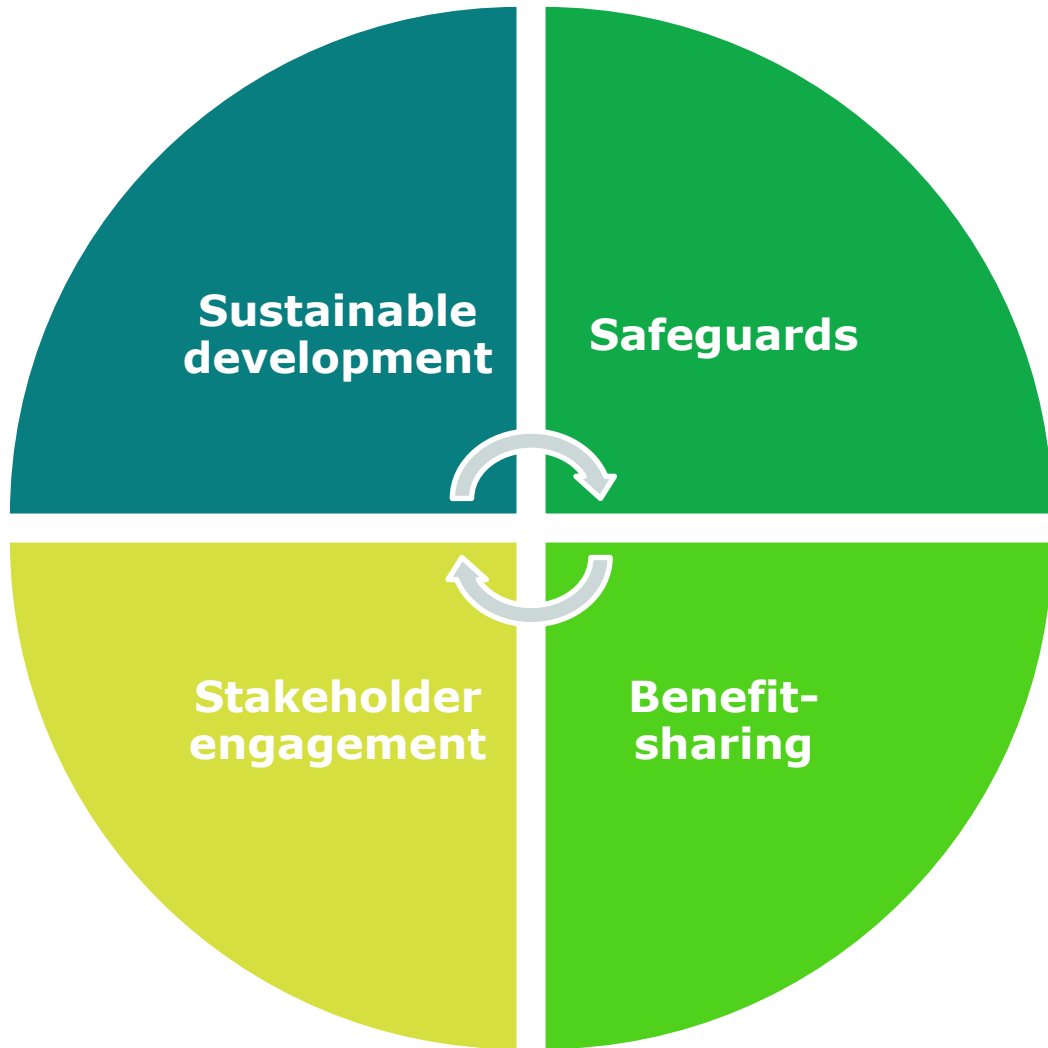
Billion

Dollars of shared
value created

VOLUNTARY, BUT NOT UNGOVERNED



SOCIAL IMPACT AND INCLUSIVITY



No Poverty

INDICATOR 1.1.1 Average household savings i.e., decrease in expenditure on basic service such cooking, lighting, drinking

CERTIFIED IMPACT

> EUR 66.5 saved per household per year



Good Health and Well-being

INDICATOR 3.9.1 Number of households to visit medical facilities for treatment of respiratory issues etc.

CERTIFIED IMPACT

> 99.7% reported reduced incidences of eye and/or respiratory diseases



Affordable and Clean Energy

INDICATOR 7.1.2 Number of beneficiaries (in households)

CERTIFIED IMPACT

> 4,643 households benefitted



Climate Action

INDICATOR 13.2.1 Amount of GHGs emissions avoided or sequestered

CERTIFIED IMPACT

> 9,287 tonnes CO₂e (2017 and 2018)



Panel Discussion

Moderation by Raphaël Hara – Managing Director, Ksapa

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With insights from expert panelists



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POLICY
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CLIMATE POLICY INITIATIVE

HUGH SALWAY

Gold Standard

SENIOR DIRECTOR, MARKET
DEVELOPMENT & PARTNERSHIPS,
GOLD STANDARD



ksapa

ADRIEN COVO
SENIOR PROGRAM OFFICER,
FINANCE & DEVELOPMENT, KSAPA

- **Holistic approach:** how to foster projects that generate not only climate impact but also wider social & environmental benefits, in particular for most vulnerable populations?
- **Field realities:** how to ensure robust & additional carbon projects while considering the complexities of working with smallholder farmers?
- **Value repartition:** striking appropriate balance between investment in local communities & supply chains & ROI for investors? Ensuring additional value creation does not end up in “compliance” costs?
- **Markets:** how to identify environmentally & socially impactful projects? How is it priced today & will be priced tomorrow?
- **Impact measurement:** how to define meaningful yet realistic KPIs when considering field context?

Please share your questions to the guest speakers through the chat!



Get in Touch

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