

Timeline of a Blue Carbon Finance Project

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Blue carbon scientific WG

Costa Rica, 21-25 March 2012



Silvestrum

- What to do and how long will it take?
- What is the voluntary carbon market and where are the buyers?
- How to structure a carbon project and carbon transaction to create an meaningful AFOLU carbon asset

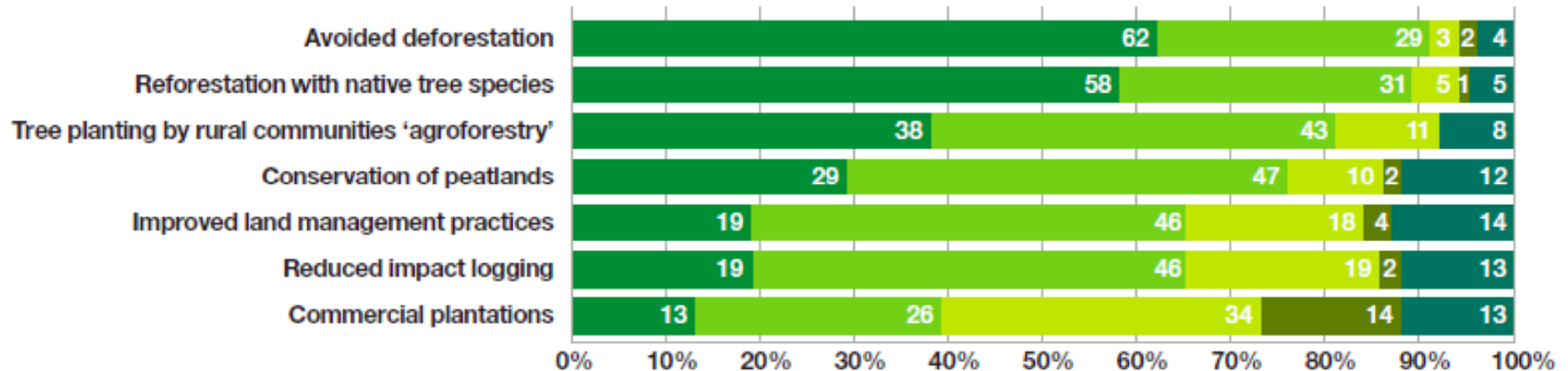
Assumptions

- Point of view: project developer
- VCS / voluntary market

Carbon markets

- Compliance markets (>100 bio dollars)
- Voluntary market (<1 bio dollars – 10-20% AFOLU)
 - Verified Carbon Standard
 - Gold Standard
 - Climate Action Reserve
 - American Carbon Registry
- OTC (over-the-counter) market vs Exchange
- Voluntary market drivers: CRS, PR

Desirability of project types



Key

Total sample = 112-116

- Highly desirable
- Desirable
- Undesirable
- Highly undesirable
- Don't know enough about this kind of activity

Carbon credit sales

- Spot transactions – the sale of credits after they have been generated and issued
 - OTC or Exchange
- Forward sales – a contract to sell carbon credits before they have been generated
 - Payment upon delivery / advance payment

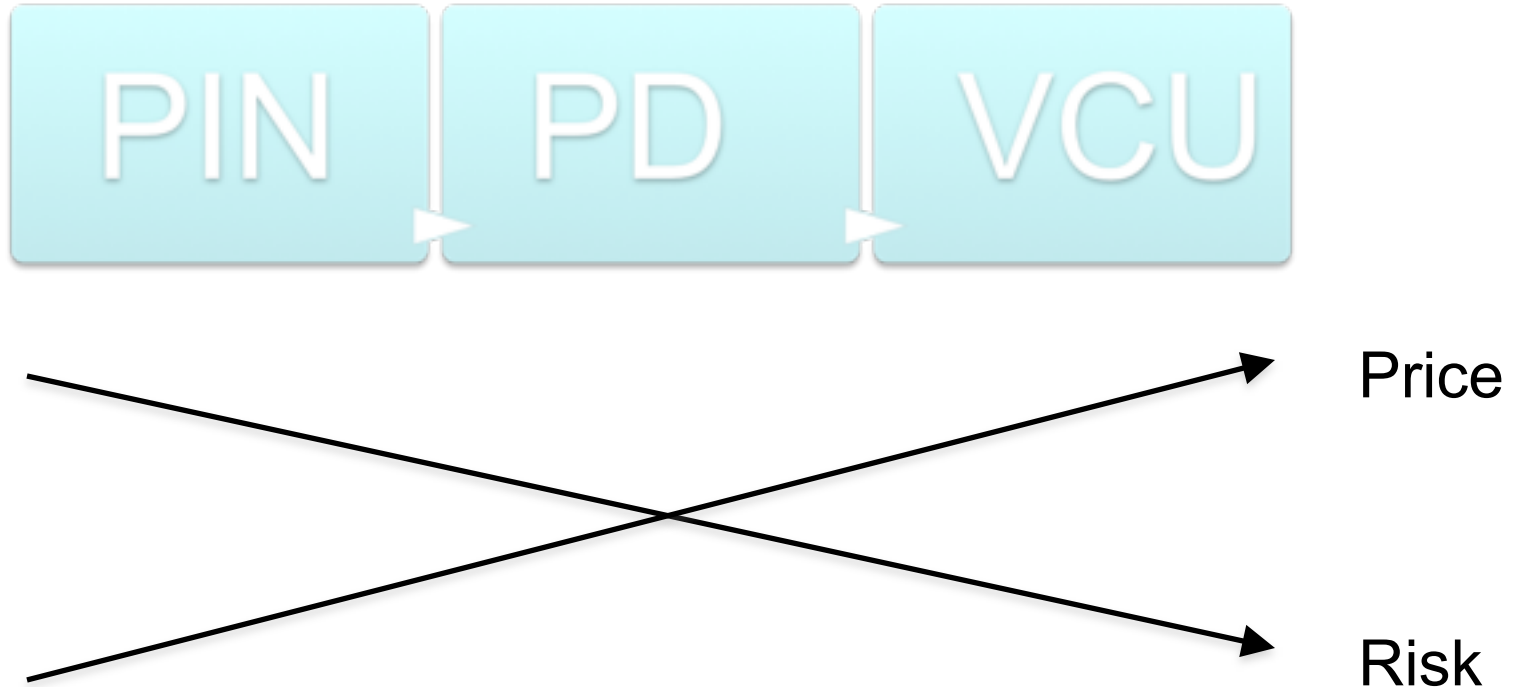
Marketing strategy

- Choose a selling strategy
 - Risk profile
 - Which market and type of deal
 - Selling price
- Tell the story
 - Goal, setting and co-benefits determine risk perception and price
- Prepare for transaction
 - Prepare term sheet and project documentation
 - Solicit offers
 - Negotiate ERPA

Project development stages

- Pre-feasibility assessment
 - Smart tools
 - Incomplete information - guestimates
- Feasibility assessment and documentation
 - Smart tools
 - Complete information
- Validation / registration
 - Proof of concept
- Verification / issuance of credits

Project development stage and risk



From standard to project

- Standards for project activities
 - General requirements and guidance for GHG accounting
 - Procedures for validation and verification
 - Registry and clearing house for 'carbon credits'
- Methodologies are step-by-step explanations of how emission reductions or removals are to be estimated in line with the requirements following accepted scientific good practice
- Project description or design documents provide information on how a specific project complies with the requirements and applies the methodology

Verified Carbon Standard



- Afforestation, Reforestation, Revegetation (ARR)
- Agricultural Land Management (ALM)
- Improved Forest Management (IFM)
- Reduction Emissions from Deforestation and Degradation (REDD)
- Peatland Rewetting and Conservation (PRC)

PRC categories

Baseline Scenario		Project Activity	Applicable Guidance
Condition	Land Use		
Drained peatland	Non-forest	Rewetting	RDP
		Rewetting and conversion to forest/ revegetation	RDP+ARR
		Rewetting and paludiculture/ erosion avoidance	RDP+ALM
	Forest	Rewetting	RDP
	Forest with deforestation/ degradation	Rewetting and avoided deforestation	RDP+REDD
	Forest managed for wood products	Rewetting and improved forest management	RDP+IFM
Undrained peatland	Non-forest	Avoided drainage	CUPP
	Forest	Avoided drainage	CUPP
	Forest with deforestation/ degradation	Avoided drainage and deforestation	CUPP+REDD
	Forest managed for wood products	Avoided drainage improved forest management	CUPP+IFM

Wetlands project categories

- PRC becomes WRC: Wetland Restoration and Conservation
- Wetlands Restoration / Creation / Conservation

Typical project activities

- Conservation of mangroves – REDD
 - Improved management of mangroves – IFM
 - Restoration of mangroves – A/R and restoring hydrology
 - Restoration or conservation of other wetlands
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- VCS accepts multiple categories in one project
 - All can be part of REDD+ and NAMAs

Carbon accounting

- Project boundaries
 - Geographical – temporal – carbon pools – GHGs
- Baseline scenarios and additionality
- Baseline GHG accounting
- Project GHG accounting including leakage
- Permanence
- Monitoring protocol

Work at 3 fronts

Project design

Science
Project activities / Plan of operations
Legal / institutional (incl title and permits)
VCS AFOLU category
Carbon accounting
EIA / SIA – FPIC

Project documentation (for carbon asset)

Carbon methodology
Project Document (PD)
Contracts
Operational procedures
(incl monitoring plan)

Project financing

Cash flow statement
Funding sources forward or spot sales / equity / other commodities)
Pricing of VCUs
Marketing strategy/ PIN

Thank you

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