# FAIR CLIMATE FUND

## Carbon Credits & Microfinance


**MARCEL SPAAS**
Business Developer

+31 30 234 8203
spaas@fairclimatefund.nl



**NEERA VAN DER GEEST**
Director FairClimateFund

+31 30 234 8237
geest@fairclimatefund.nl

# FairClimateFund B.V.

- Mission: use fair and inclusive carbon markets to improve livelihoods, of people affected by climate change
  Social enterprise active in carbon markets since 2009
- Social enterprise, Cordaid 100% shareholder
- > €10 million project portfolio
- 10 staff Utrecht, 10 staff in India
- Focus on clean cooking for low income households and forestry interventions

# FCF Mission + Ambition 2025

## MISSION

a **Fair Climate** in which those who contribute most to climate change invest in $CO_2$-reduction projects that benefit people most vulnerable for the impact of climate change, using the voluntary carbon market (VCM) and make these Fair and Inclusive

## AMBITION 2025

- **1,000,000 tonnes of $CO_2$ reduction** > $CO^2$ NEUTRAL
- **500,000 people access to clean cooking solutions** >
- **500,000 trees planted** >

**Position Paper: A Fair Road to Net Zero**

# OUR SERVICES

**FairClimateFund has broad knowledge and expertise in the field of Climate projects, Climate strategies, carbon footprinting, $CO_2$ reduction and offsetting.**

### Fairtrade climate projects

Develop Clean Cookstove projects and related Nature Based interventions applying the Fairtrade Climate Standard / Fairtrade Principles

### Net Zero Climate strategy

Carbon footprint mapping Scope 1,2,3
Fair Net Zero strategy
Contribution strategy to high impact mitigation and adaptation projects

### Tailor-made climate projects

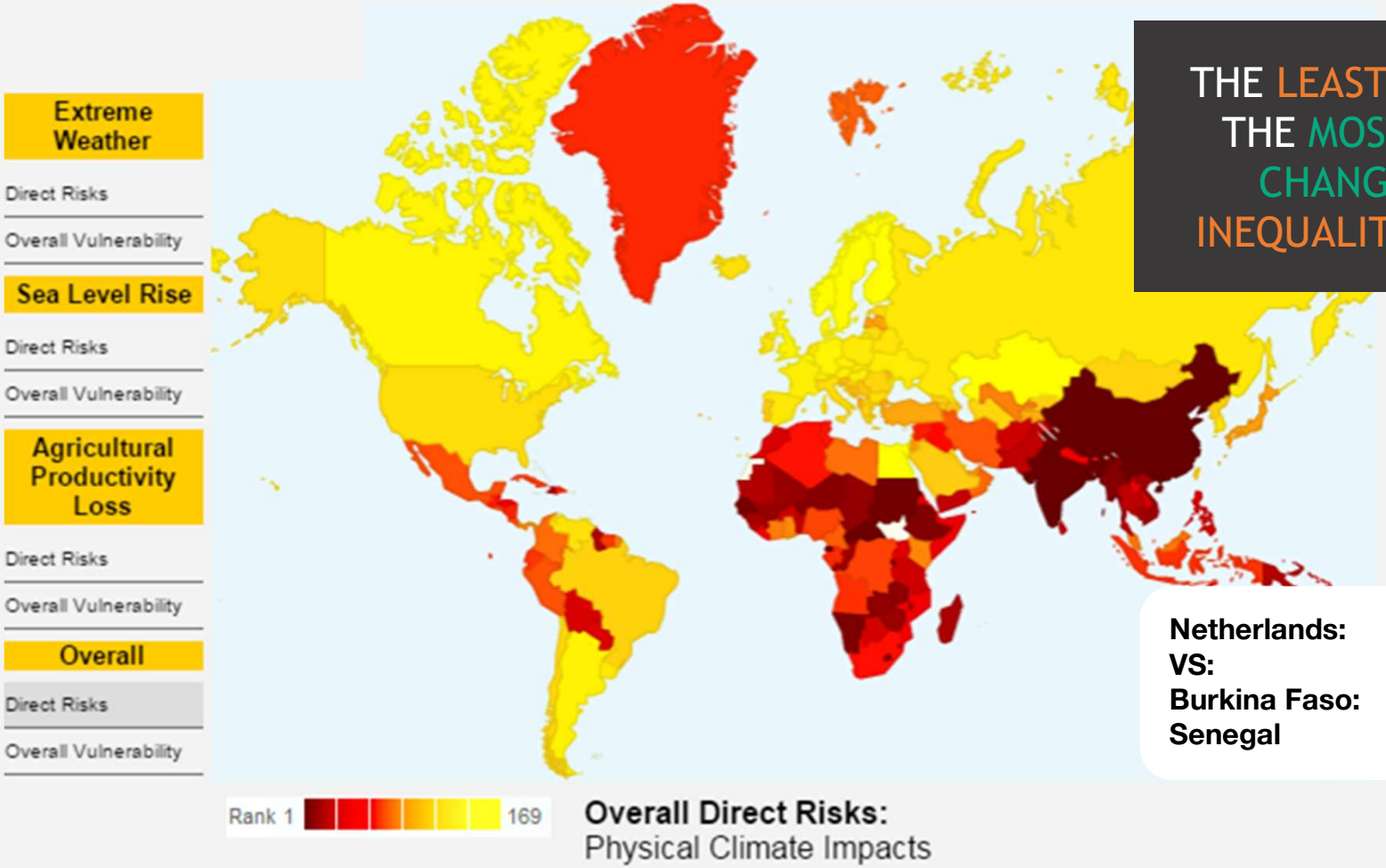
Design, Carbon registration, Certification and monitoring. If required, we can also arrange mixed financing. Fairtrade principles are of course our standard!

# Climate inequality

FAIR CLIMATE FUND

WORLD'S RICHEST 10% PRODUCE HALF OF GLOBAL CARBON EMISSIONS WHILE THE POOREST HALF OF WORLD POPULATION ACCOUNT FOR LESS THEN 7%.

# Unfair impact of climate change




THE LEAST WEALTHY SUFFER THE MOST FROM CLIMATE CHANGE, INCREASING INEQUALITY EVEN FURTHER.

| | |
|---|---|
| **Netherlands:** | **10 tons CO2 eq.** |
| **VS:** | **17 tons CO2 eq.** |
| **Burkina Faso:** | **0.15 tons CO2 eq.** |
| **Senegal** | **0.55 tons CO2 eq.** |

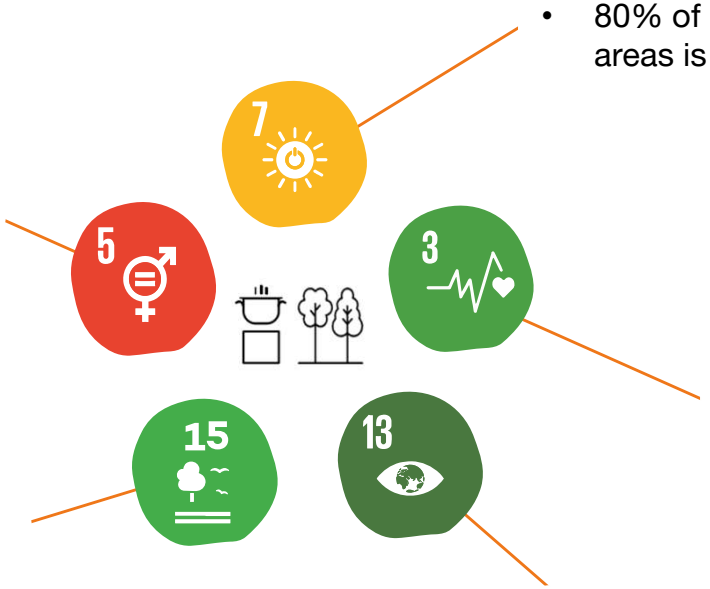
# Focus on clean cooking: multiple SDG's

## SDG 5: Women

- Cooking takes 3-4 h. per day, including fuel wood collection
- Smoke causes eye and lung problems for women and children
- Harassments during firewood collection

## SDG 7: Energy

- 80% of energy need of people in rural areas is for cooking




## SDG 3: Health

- 2.6 billion people cook on traditional three stone fire using biomass and solid waste (WHO)
- 3.8 million people die annually due to indoor air pollution (WHO)

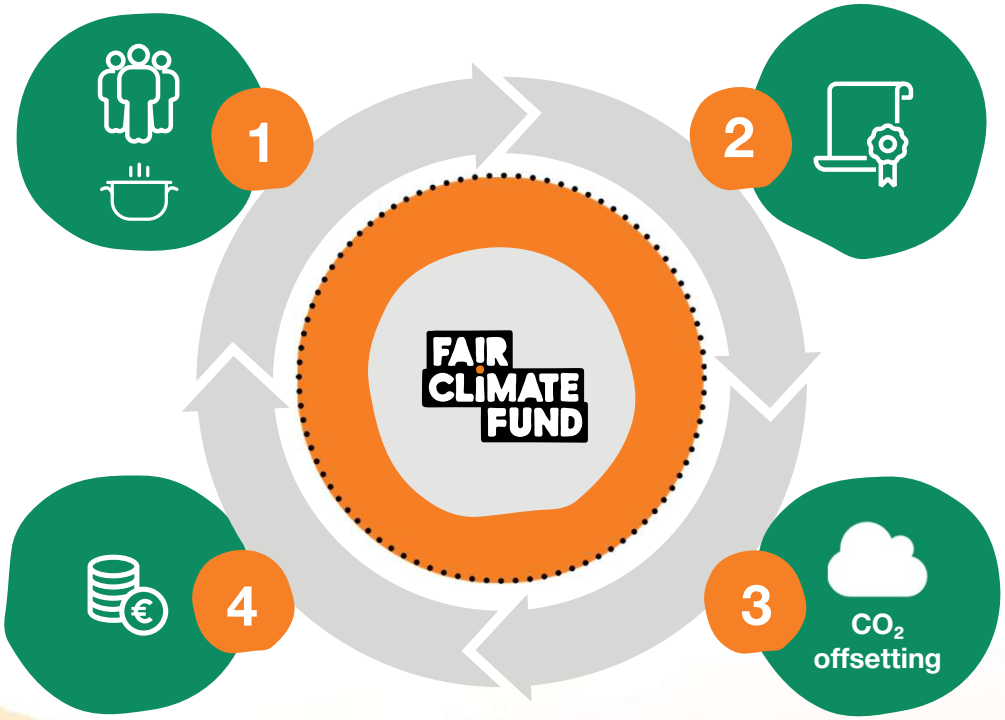
## SDG 15: Ecosystems

- Deforestation impacts on ecosystems and biodiversity
- Vicious circle of less fuelwood available
- Droughts, gradual degradation of the environment

## SDG 13: Climate

- Contributing to 2-3% of global CO2- emissions (eq aviation industry)

# How we work




1 **Carbon project development**

We develop, manage and finance climate projects in developing countries. We focus on sustainable household energy projects and nature based solution projects.

2 **Carbon certification management**

Our climate projects reduce $CO_2$ emissions and deforestation, and improve the living conditions for people in developing countries. The projects generate Gold Standard and Fairtrade certified Carbon Credits.

3 **Carbon retailing**

We sell these carbon credits at a fair price to private individuals and companies in industrialized countries that want to offset their $CO_2$ emissions that they cannot (yet) reduce.

4 **Carbon financing**

Revenues from sales of carbon credits cover 100% of the costs of our projects and are invested in running and expanding our projects. Communities receive per credit a premium which is invested in climate change adaptation activities.

# Quality standards of FCF projects

## Contribution to Sustainable development goals


## Households/communities get the income of the carbon reduction they produce

- > 60% of carbon revenues reach household level or community level

## Focus on most vulnerable people, Result based finance

- Third party certification (GS, FCS)
- Highest climate and social impact per invested €

## Projects finance adaptation

- Climate Academy + premium paid for adaptation
- Possibly an integrated approach including agriculture and biodiversity

# FCF projects

Solar cookers fr refugee families | **Chad**

Clean cooking with biogas | **India**


Improved cookstoves for women | **India**


Reforestation for coffee farmers | **Peru**


Cookstoves for coffee farmers | **Ethiopia**


Birds Bees and Business | **Burkina Faso**


Biomass pellet stoves | **Rwanda**

# FCF partner projects

FAIR CLIMATE FUND

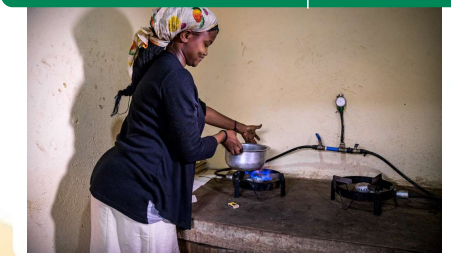
REDD+ Riscales | **Colombia**

Cookstoves CARE + Greenway | **India**

FAIRTRADE CARBON CREDITS
Gold Standard

Household biogas | **Cambodia**

Household biogas | **Uganda**



Household biogas | **Indonesia**

Briquettes for Coffee farmers | **Uganda**

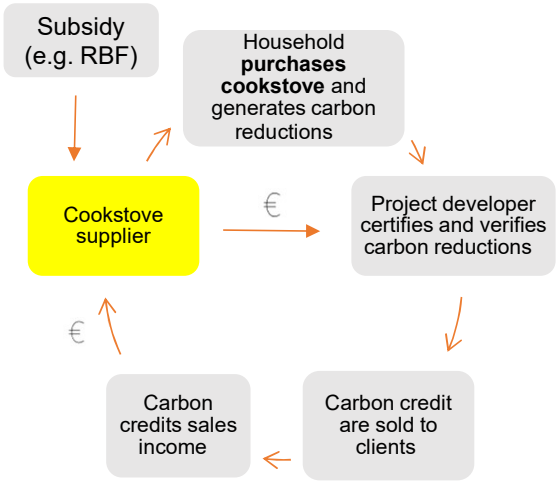
FAIRTRADE CARBON CREDITS
Gold Standard

Household biogas | **Kenya**

# Three dominant models in the carbon market (VCM)

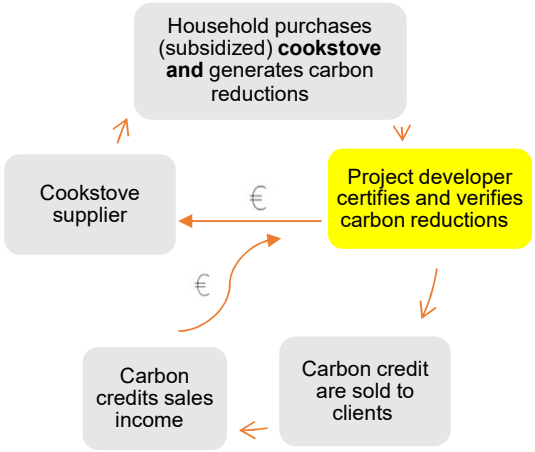
FAIR CLIMATE FUND

**Model 1**
Carbon credit income to cookstove supplier



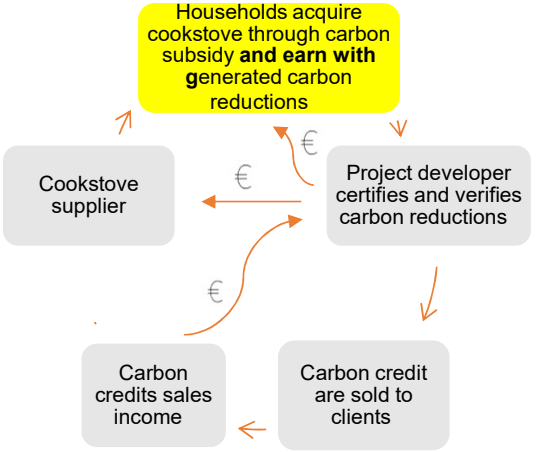

Gold Standard for the Global Goals · VERRA

**Model 2**
Carbon credit income to carbon project developer




Gold Standard for the Global Goals · VERRA

**Model 3**
Carbon credit income to producer: the household




Gold Standard for the Global Goals · FAIRTRADE INTERNATIONAL

# Fairtrade Climate Standard

To make technology accessible for low income households aplying a minimum (high) carbon price that covers at least all cost

To consider the households as the producer of the carbon reduction and the owner of the credits. Result: income, better adoption.

Fairtrade premium paid by buyer for adaptation measures

To empower of local communities to manage project and use premium

Buyers of Fairtrade Carbon Credits need to set ambitious reduction targets

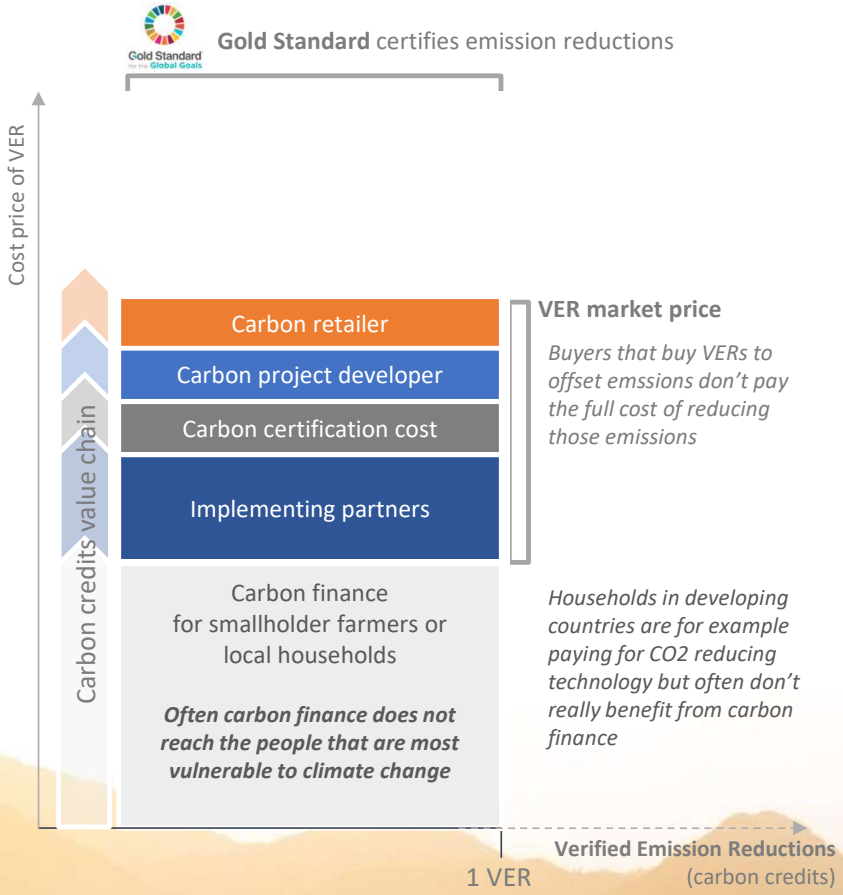
- Fairtrade Climate Standard

FAIRTRADE CARBON CREDITS™

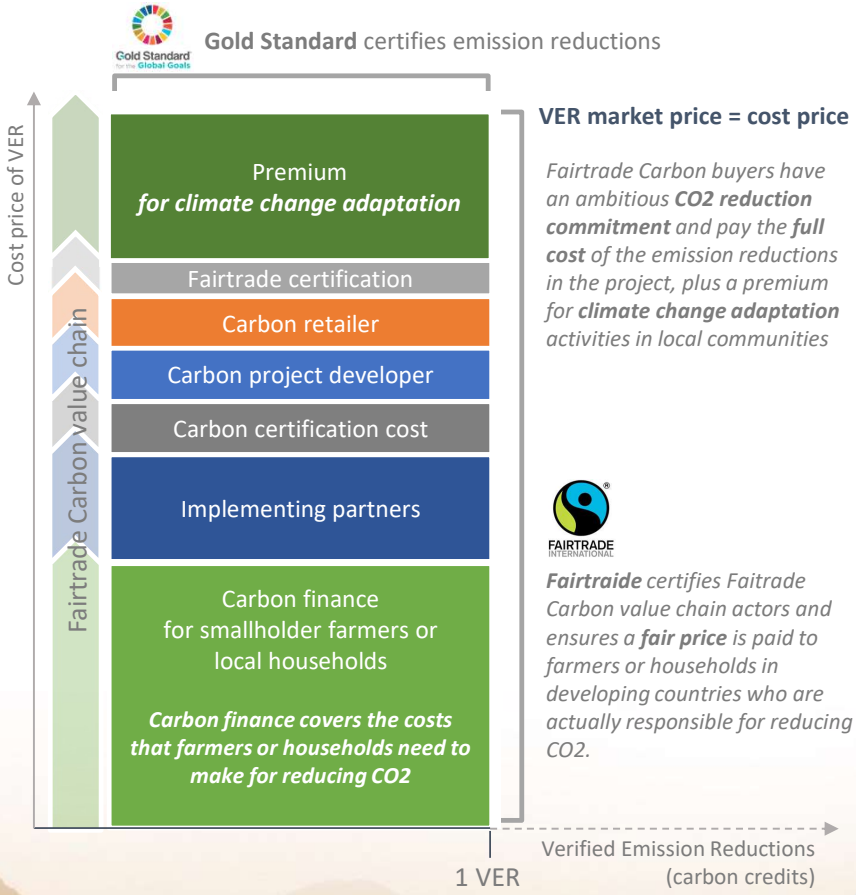
FAIRTRADE | Gold Standard

# How Fairtrade Carbon Credits are different

## Typical offset projects




## Fairtrade Carbon projects



# OUR PROJECTS

Birds Bees and Business | **Burkina Faso**

FAIRTRADE CARBON CREDITS
Gold Standard

FAIR CLIMATE FUND

***In the south of Burkina Faso, many women depend on the harvest and processing of shea nuts, a raw material for food, but also for many care products. However, the habitat of the shea trees is deteriorating rapidly.***

Climate change and pressure on the land as a result of the use of pesticides and overgrazing has affected the landscape of the shea trees. But the processing of shea nuts by the local women also has an impact on the environment. Cooking the nuts on a traditional “three stone fire” in particular means that a lot of wood is used. Soils have become less fertile and more susceptible to erosion from disappearing trees. All this has major consequences. The people who live there see their harvests, from agriculture, but also from shea nuts and other crops, are declining. For the migratory birds, which arrive in this area after a long journey, this means that there is little to eat. There are fewer insects in the sparse landscape. Insects are not only needed as food for the millions of migratory birds, but also for the pollination of the shea trees.

## The project

Since 2018, Vogelbescherming and ICCO/FairClimateFund have been working together on a rich landscape for people and nature in the south of Burkina Faso. We plant new trees, protect existing trees against logging, stimulate biodiversity and promote sustainable entrepreneurship. This provides more food for people and birds, more insects and more yields from agriculture and the production of shea nuts.

> **See the project on our website!**

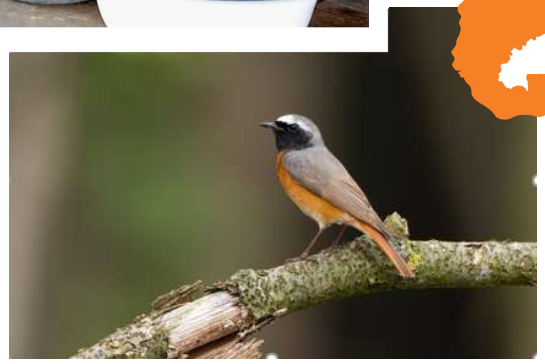
# OUR PROJECTS

Birds Bees and Business | **Burkina Faso**

FAIRTRADE CARBON CREDITS
Gold Standard

FAIR CLIMATE FUND

## The impact of the project



## Project targets

**120,000**
Tonnes of $CO_2$ reduction

**190,000**
People to reach

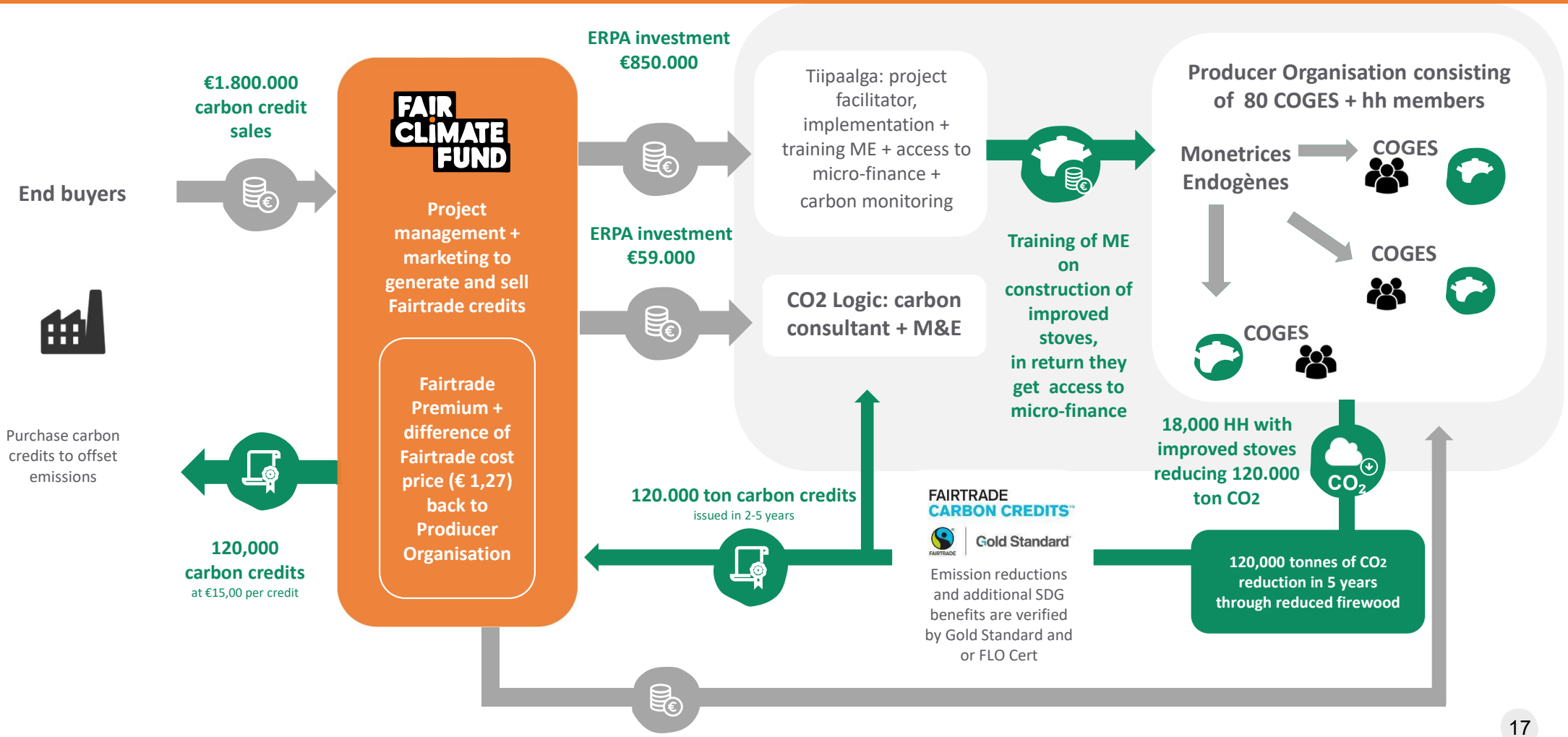
**140,000**
Tonnes of wood saved = 280,000 trees

Time savings for 18,000 women

**36,000**
Cookstoves to build

**18,000**
Households with improved living conditions

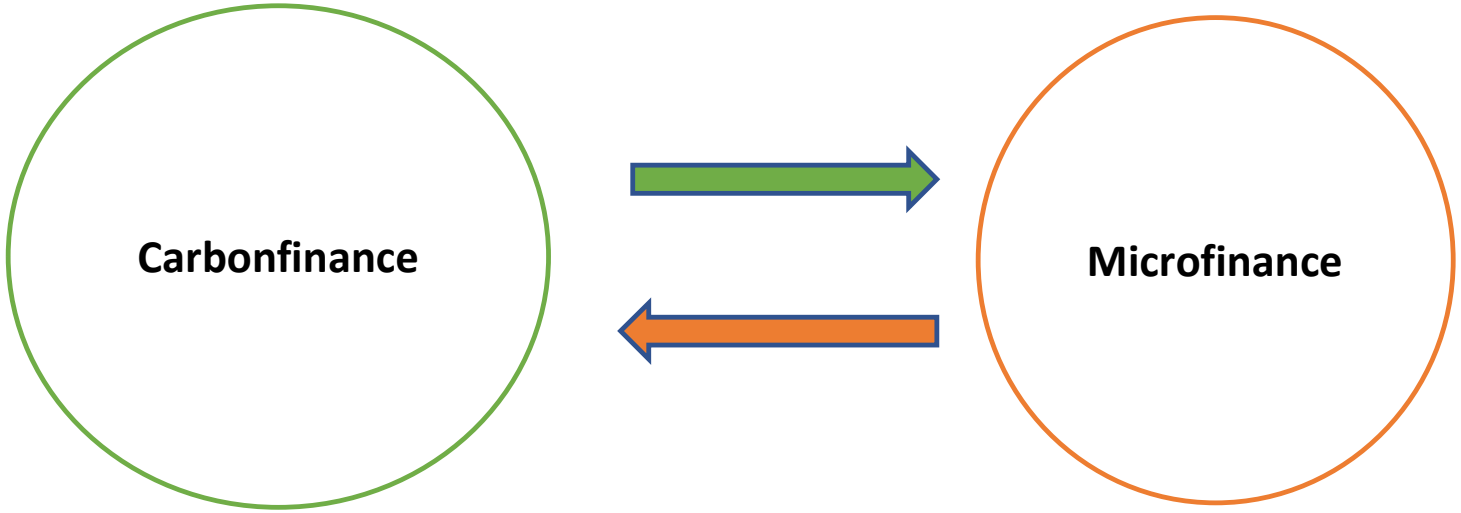
# BBB Carbon business model




**€1 per ton Fairtrade premium + € 1.27 per ton for Climate Academy**

# Challenge

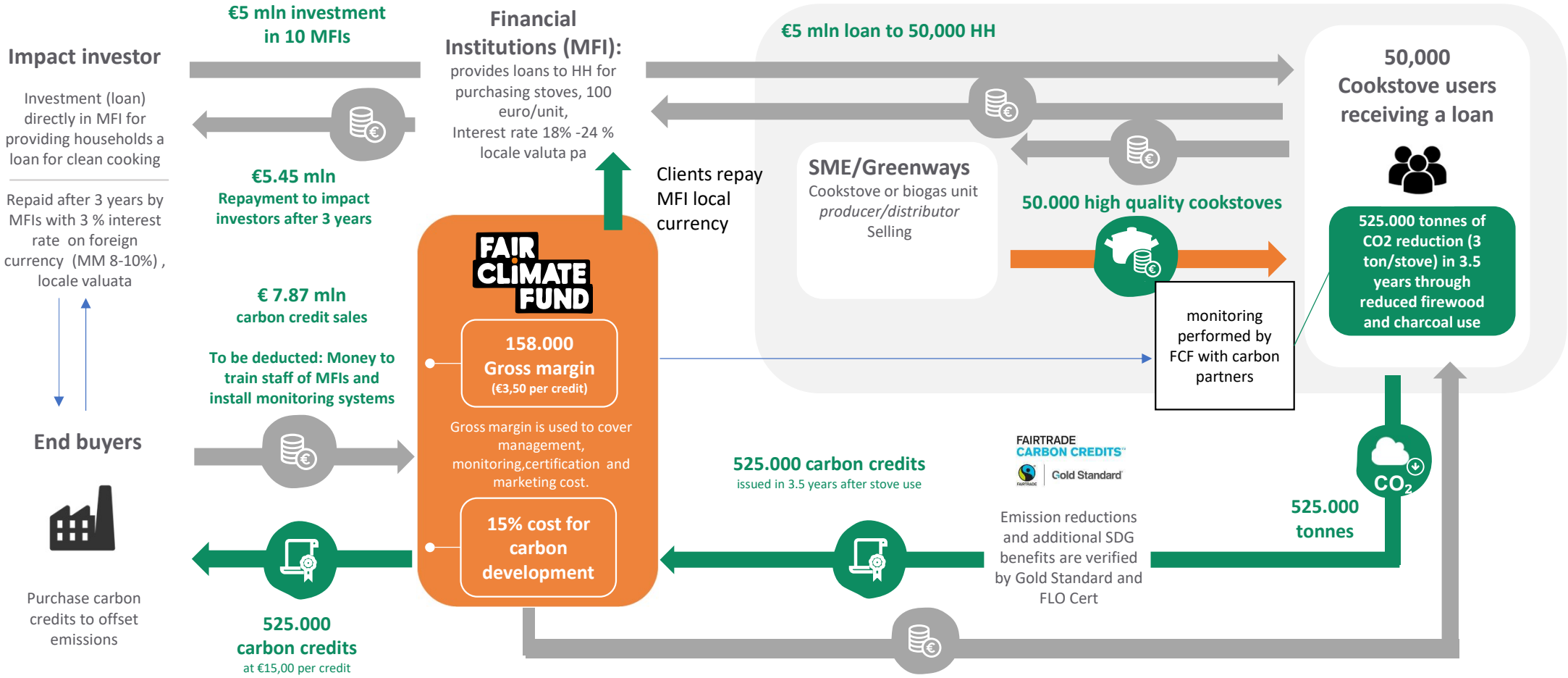
**How can ownership of carbon credits and its positive impact create access to microfinace?**




**How can microfinance enable access to carbonfinance?**

#Improvedlivelihood #Health&Safety #Carbonincome #Lowcarbonfarming #Climateresillience #Diversification #Sustainableproduction

# MFI business model: households example




**€1 per ton Fairtrade premium + excess carbon income**

# Voluntary Carbon Market – Challenges

## Positive Impacts

- Income
- Health
- Safety
- Women empowerment
- Environment
- Biodiversity
- Knowledge
- Climate
- …

## Field

- Capacitation
- No relation with MFI's
- Quality organiztion
- MRV

## Standards

CCB Standards – The Climate, Community & Biodiversity Standards

VCS – Verified Carbon Standard

Gold Standard for the Global Goals

Plan Vivo – For nature, climate and communities

Fairtrade Carbon Credits – Gold Standard

## Carbon Integrity issues Projects

- Transparency
- Ownership
- Baseline
- Additionality
- Permanence
- Leakage
- SDG impact

## Buyers

- GREENWASHING
- Overclaiming
- Transparency

VCMI – Voluntary Carbon Markets Integrity Initiative

vcmintegrity.org

**Glad to discuss how microfinance and carbon credits can leverage each other to give local communities an instrument to help themselves and create serious impact. And apply it !**

**THANK YOU**

>> Position Paper: A Fair Road to Net Zero
>> www.fairclimatefund.nl/en

# Background slides

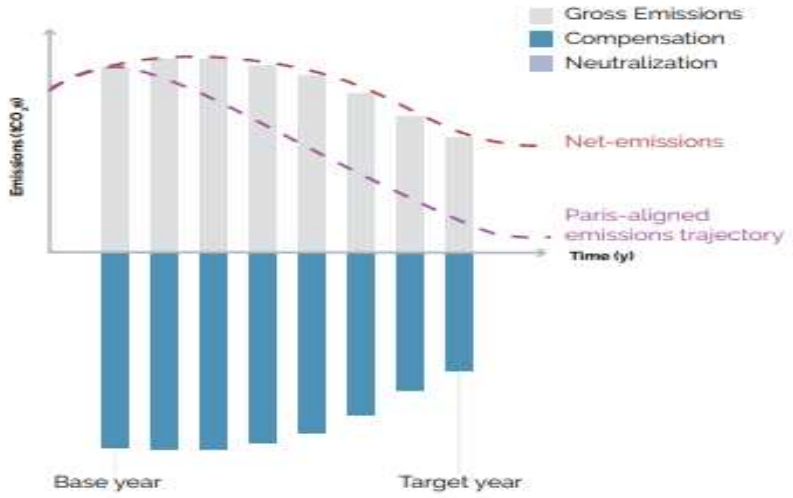
# Carbon markets can help to stay <1.5 decrees ONLY when

**A.There is integrity at carbon buyer side:**

1. Set and implement serious near term reduction targets (SBTi)

2. Compensate historic and residual emissions only with high quality carbon projects.

3. Disclose and communicate transparently, no over-claiming and avoid greenwashing





See: VCMI - Accelerating credible net-zero climate action (vcmintegrity.org)

https://www.youtube.com/watch?v=zxZjL2fstm4

# And ...

**B. There is integrity at carbon project side:**

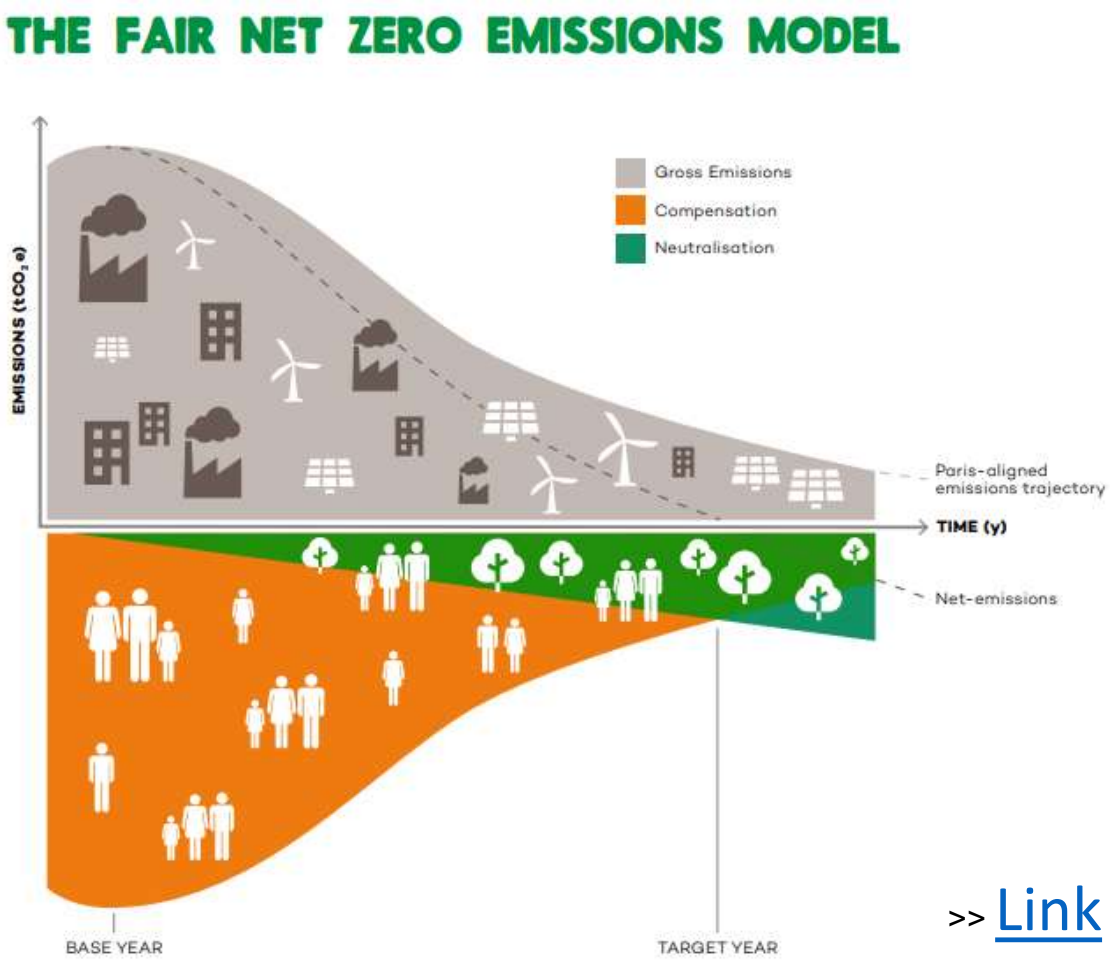
1. With high quality projects using robust Carbon Standards
2. Credible baselines with permanent, quantitative and reliable (SDG) claims
3. Involvement of local communities as right-holders and partners, transparency on financial flows and claims on (monetary) benefits

- Robust determination of the GHG emission impact
- Avoiding double counting
- Addressing non-permanence
- Facilitating transition towards net zero emissions
- Strong institutional arrangements and processes
- Environmental and social impacts
- Host country ambition

See: VCMI - Accelerating credible net-zero climate action (vcmintegrity.org)

https://www.youtube.com/watch?v=zxZjL2fstm4

# A climate positive approach to Net Zero emissions




>> Link

1. *Set an ambitious and science based CO2 reduction target for direct (scope 1,2) and indirect emissions (scope 3), reduce and disclose accordingly.*

2. *Quantify a climate finance commitment by pricing remaining emissions.*

3. *Offset carbon emissions via a high impact Fairtrade carbon project portfolio that:*
   a) *promotes the use of clean technology*
   b) *contributes to preserving ecosystems*
   c) *stimulates climate change adaptation*

4. *Invest the remaining budget in building a carbon removal portfolio that is sufficient to claim Net Zero in target year.*

5. *After reaching Net Zero emissions keep investing in climate change mitigation and adaptation in order to stay climate positive.*

# Reduction potential depending on baseline

| | |
|---|---|
| **Energy efficiency** | |
| Low tech stove | 1 ton $CO_2$ / year / HH |
| Rocket stove | 1,5 - 3 ton $CO_2$ / year / HH |
| Forced draft pellet stove | 2,5 – 4 ton $CO_2$ /year /HH |
| **Renewable energy** | |
| Solar Cooker | 2 – 3 ton $CO_2$/ year / HH |
| Biogas digester | 2,5 – 3,5 ton $CO_2$ / year / HH |
| **Nature Based Solution** | |
| Agroforestry | 3 – 7 ton $CO_2$ / ha / year |
| Reforestation | 10 – 20 ton / ha / year |

# 1 ton CO2

| **1 ton CO2** |
| --- |
| 6000 km benzine auto |
| 500 m3 Gas |
| 2000 KWh |
| 125 kg koffie |
| Enkele reis Paramaribo |
| Gemiddeld huishouden NL 10 ton PP |