

# Market Financing for Blue Carbon Conservation

IMPLEMENTING THE STRATEGIC ACTION  
PROGRAMME FOR SOUTH CHINA SEA AND GULF OF  
THAILAND (SCS-SAP) PROJECT

**Second Meeting of the  
Project Steering  
Committee**

**Bangkok, 30-31 January 2024**

**Agenda Item 7**

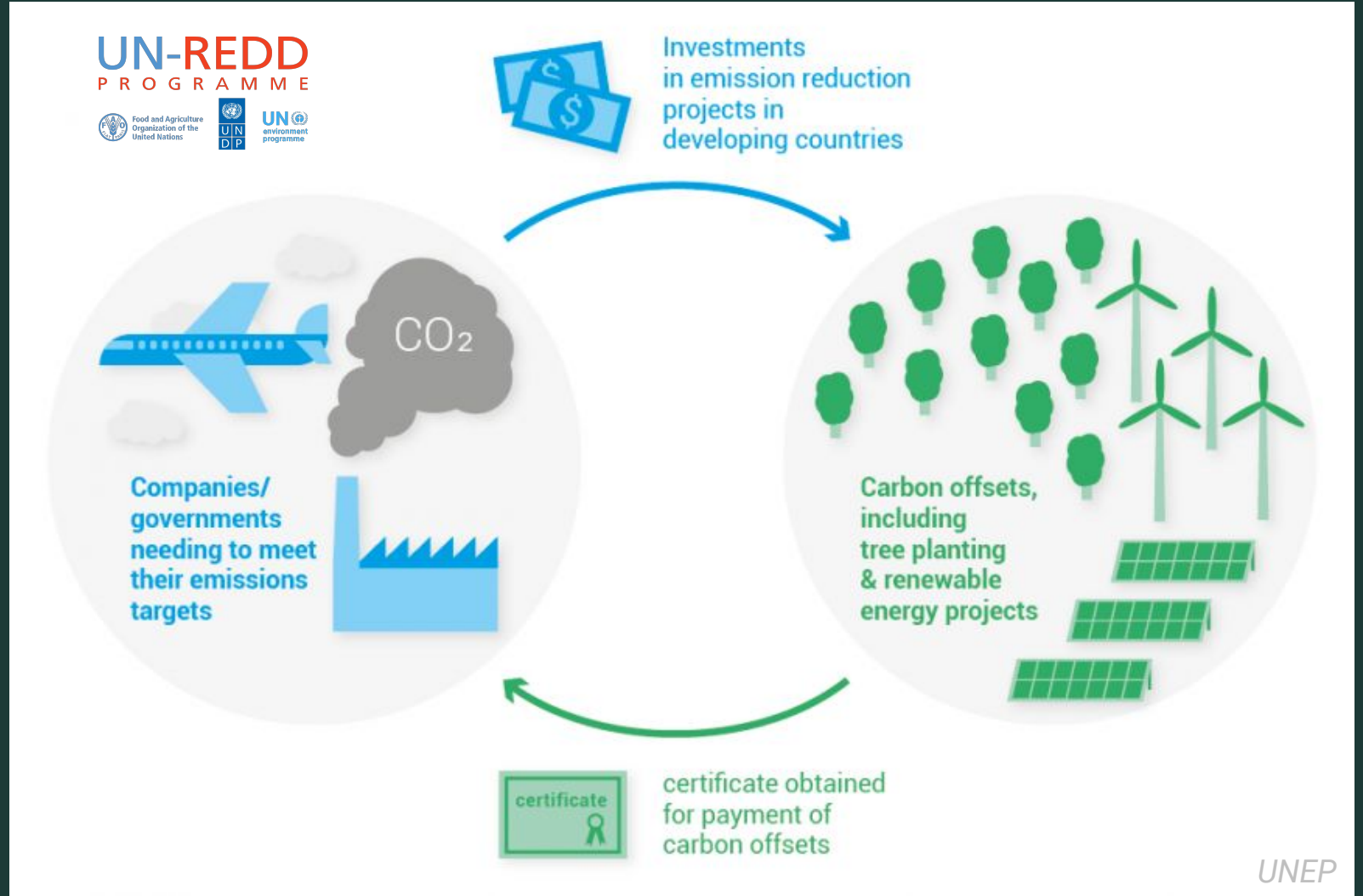


## Carbon market:

Carbon is measured,  
certified and sold

Not our  
get-out-of-jail-free card

A tool for speeding up  
climate action



UNEP

# Blue carbon market growth & demand

- Rapid growth
- Increasing demand, low supply
- By 2050, carbon offsets are expected to be a \$245-\$546 billion market
- Blue carbon offsets are seen as high quality

Bloomberg NEF

## Nature Based Carbon Offset



The nature/land based voluntary carbon market price varies and a conservative value can be found in the GEO price.

A photograph of a mangrove forest. A central waterway is filled with fallen branches, twigs, and debris, suggesting a recent storm or significant environmental damage. The surrounding trees are lush green, but the waterway is a stark contrast with its dark, cluttered appearance. The sky is overcast and grey.

“

**The integrity of the  
terrestrial forestry  
carbon market is in  
question**

# 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  
the guardian.org

About this content  
**Patrick Greenfield**  
@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

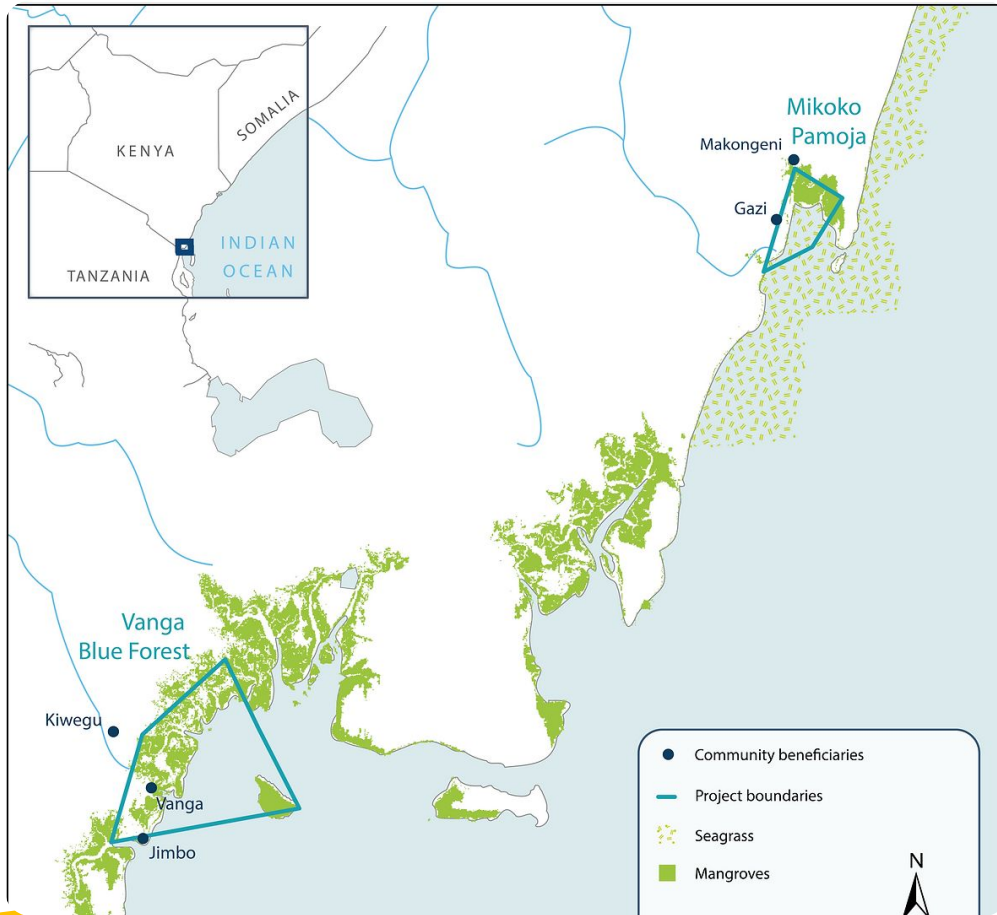
Verra disputes the allegations

COMMUNITY WATER PROJECT  
FUNDED BY MIKOKO PAMOJA

“

The blue carbon market  
can work!





**Gazi Bay** - 117 hectares of mangrove forest.  
**Vanga Bay** - 460 hectares of mangroves in 3 villages.

### Carbon Benefits

- Gazi Bay: 2,500 tonnes per year
- Vanga Bay: 5,347 tonnes per year
- 

### Community Benefits

- Gazi Bay: 5,400 project beneficiaries
- Vanga Bay: 13,546 project beneficiaries

### Carbon Value

24\$/ ton - Gazi  
 16\$/ton – Vanga

There is no universal minimum viable size.  
 External orgs. are available to assess viability

What is being sold?

Biodiversity

Carbon

Community

Francis Okalo

**Vanga Blue Forest Project**  
**Fast Facts**

**460ha**  
of mangrove forest conserved from further degradation and encroachment

To prevent continued emissions by storing  
**5023 tCO<sub>2</sub>**

Seeks to improve livelihood of  
**8700**  
people living in the project area

To promote long term socio-economic development of communities through an annual income generation of  
**USD 48713**

Project area is home to numerous species of wildlife including marine fauna that are endangered and of high conservation importance. This includes turtles, dolphins & dugong

Vanga Blue Forest (VBF) is a carbon offset project that seeks to sustain the flow of mangrove goods and services by halting further deforestation and degradation. The project is located in the South Coast of Kenya in Kwale County.

Logos: UN, WFP, ESPA, ICRI, blue forests, BNCFF, UN.

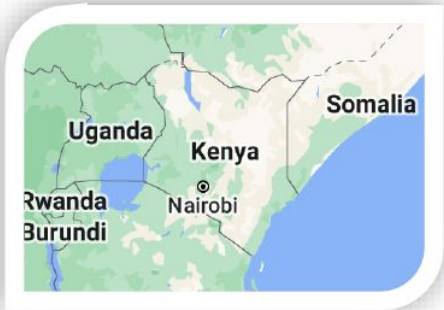
To make VBF your offset partner  
Visit us on [www.aces-org.co.uk](http://www.aces-org.co.uk)

**How to set up a:**

**Blue Carbon  
Market Project**

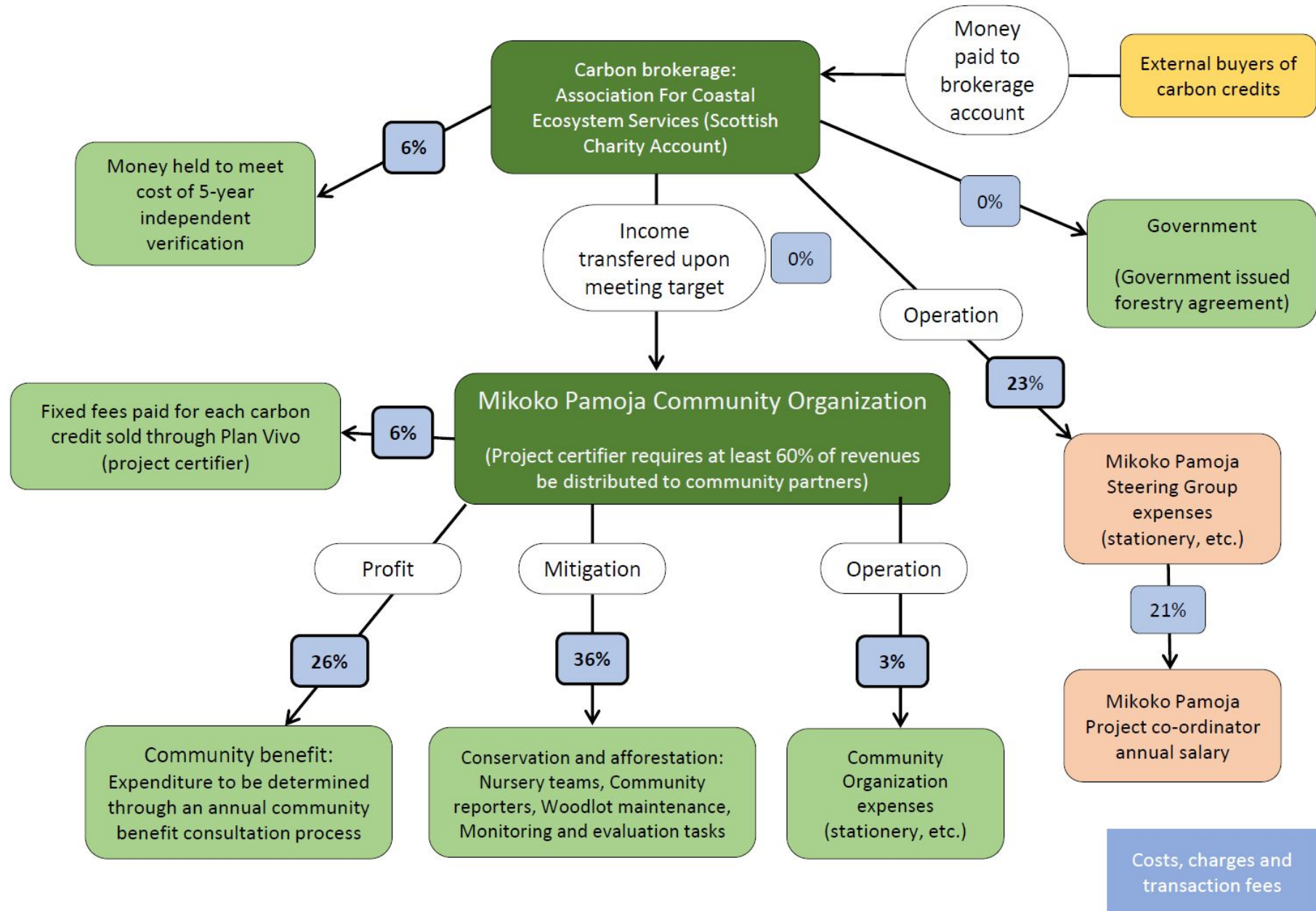
- 1. Submit your project idea note**
- 2. Submit PDD and technical specification(s) for review**
- 3. Validation and Registration**
- 4. Reporting**
- 5. Verification**

# Blue carbon market



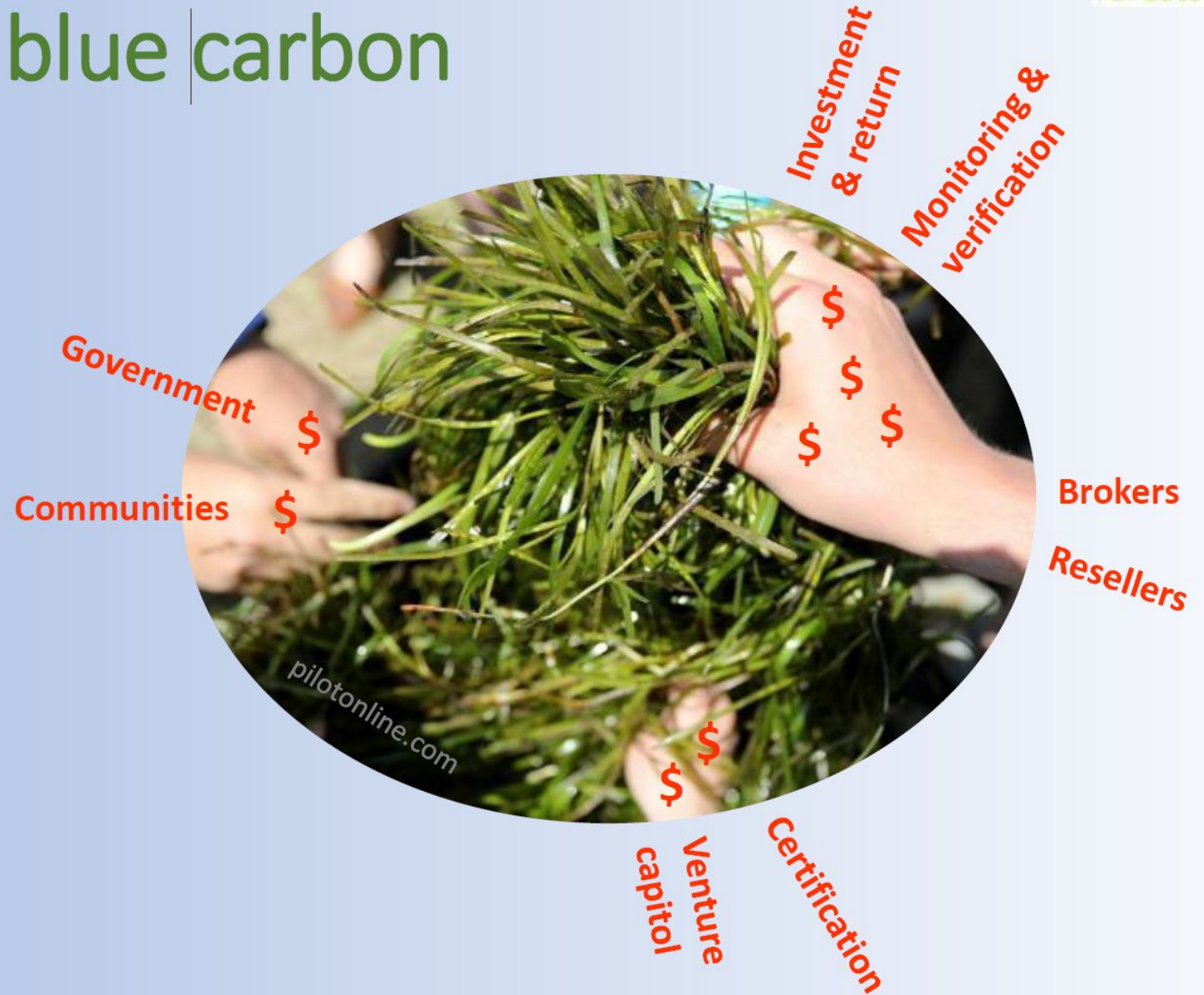
## Kenya - Mikoko Pamoja & Vanga Blue Forest

- Plan Vivo
- Community-based conservation
- Blended finance
- Income > project costs
- National replication



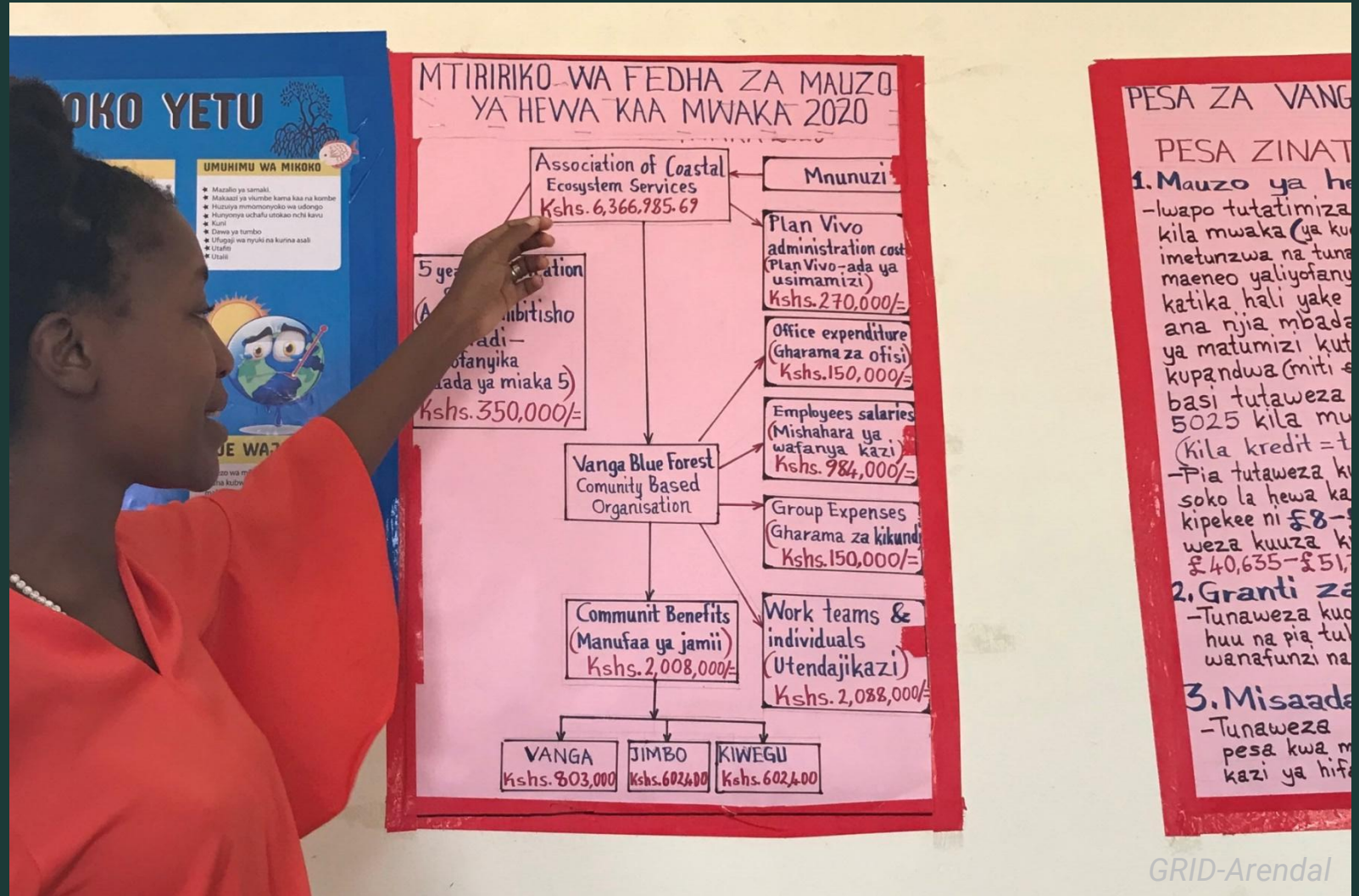
# The “Wild West” of blue carbon

- Murkiness of the market
- Broker pressures
- Low offers and low prices
- Fraud and conflict
- Transparency
- No guidance
- Lack of due diligence
- Resellers
- Fair return on investment?



We already know what high-integrity carbon offsets are. They deliver on carbon, communities and biodiversity.

24\$/ ton - Gazi  
16\$/ton – Vanga




GRID-Arendal

Towards a regional conservation finance mechanism for the South China Sea

## A Blue Carbon Facility

1. To **design and develop Blue Carbon projects**, which aim to protect and restore coastal ecosystems for their blue carbon value.
2. This includes **mangrove, seagrass & tidal marshes restoration and conservation projects**
3. Projects can be **linked** to various **other income streams** such as **seaweed production, sustainable fishing, ecotourism, and coastal protection insurance payments.**
4. Once projects are operational, they can access **carbon, biodiversity and resilience credits**, and payments for ecosystem services (PES) to become financially sustainable.



## Towards a regional conservation finance mechanism for the South China Sea

### A Blue Carbon Facility

1. The Facility can function as a mechanism to provide **funding for the development of projects** and also function as an **aggregator of projects**, achieving a higher scale (hectares/ credits) to **attract investors** with centralised management.
2. Beyond carbon credits, **PES** can include **resilience credits** for increased **flood protection and water quality credits** for **land-based activities that reduce nutrient & sediment run-off** and protect corals and fish stocks.
3. One can also create **public-private partnerships** with offtakers such as **seaweed processors**, who are willing to pay **price premiums** for **sustainable seaweed production** within conservation areas

# The Caribbean Sustainable Finance Architecture

