

FairCarboN

Sète - November 26th, 2024

Voluntary Carbon Market: principles, players and key facts & figures



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Set up in 1976, Geres is an international development NGO which works to improve the living conditions of the poorest and tackle climate change and its impacts.

OUR CONVICTIONS

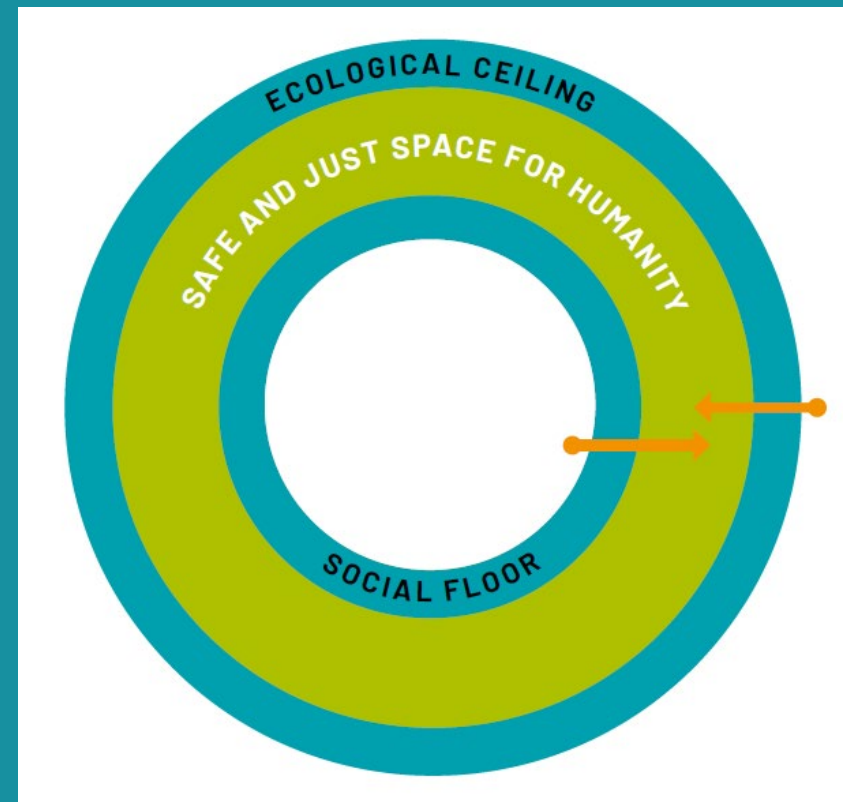
- ✓ We will not be able to limit climate change without an ambitious energy transition.
- ✓ This energy transition must be socially fair.
- ✓ The quest for equity in the face of climate change requires more solidarity between all of us: we call it Climate Solidarity.
- ✓ This solidarity must be put in practice everywhere, in France and internationally. It is indivisible.

VISION

Energy transition at the service
of climate solidarity

EXPERTISE

5 work areas
focused on energy and climate



Control of
energy demand



Development of
renewable energy



Access to
energy



Support to
climate-energy policies



Mobilization

Info Contribution Carbone (InfoCC)

Since 2015, Geres has been running the InfoCC platform supported by ADEME: it aims to inform, connect stakeholders and promote good carbon contribution practices.

- ✓ **Videos and infographics** - without greenwashing or carbon -bashing, to understand and form your own opinion
- ✓ More than **5,000 subscribers on** InfoCC social networks (LinkedIn, X), **20,000** unique visitors per year to the website.
- ✓ An **online help center** to respond to requests
- ✓ training **for** public and private stakeholders – promotion of the Low Carbon Label
- ✓ A **survey** carried out among operators and published annually on the situation and trends of the Voluntary Carbon Market (VCM)
- ✓ BauNOW project : analyzing and disseminating the territorial dynamics of financing the green and just transition



État des lieux
de la contribution carbone
vue de France

ÉDITION 2024
SUR LES DONNÉES 2023

Introducing the VCM

One overall goal – Carbon neutrality

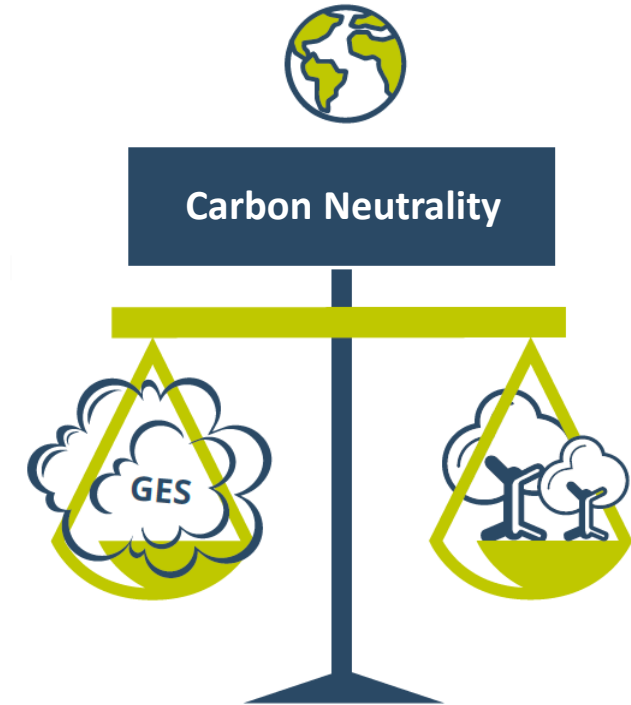
What is carbon neutrality?



A balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases.

Paris Agreement, article 4.1

compensation
or
contribution ?



To achieve global carbon neutrality, human societies must act on two major fronts:



THE REDUCTION OF EMISSIONS

CO₂ emissions of fossil fuel origin and from deforestation [2]

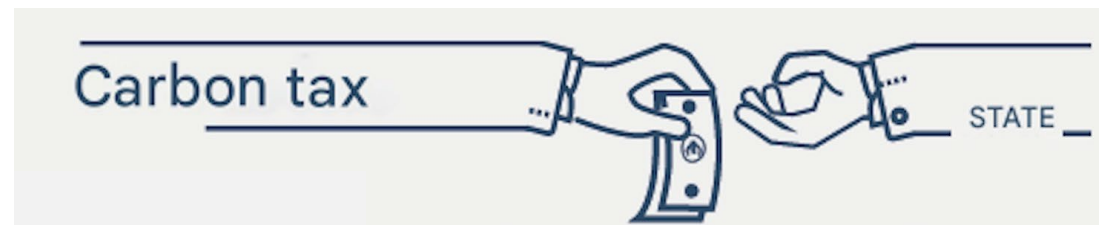


THE INCREASE IN SINKS

Afforestation/reforestation, agricultural practices and technological solutions

Not to be confused with...

≠ Carbon tax



Tax on emissions caused by the production and consumption of products

≠ Carbon quotas



System of capping, by states, and exchanges, between companies, of rights to emit GHGs.

Introducing
VCM

History



1992

Rio Summit

1997 - - 2005

Kyoto Protocol

Regulatory
freeze

2015

Paris agreement

Flexibility mechanisms
(CDM, JI)

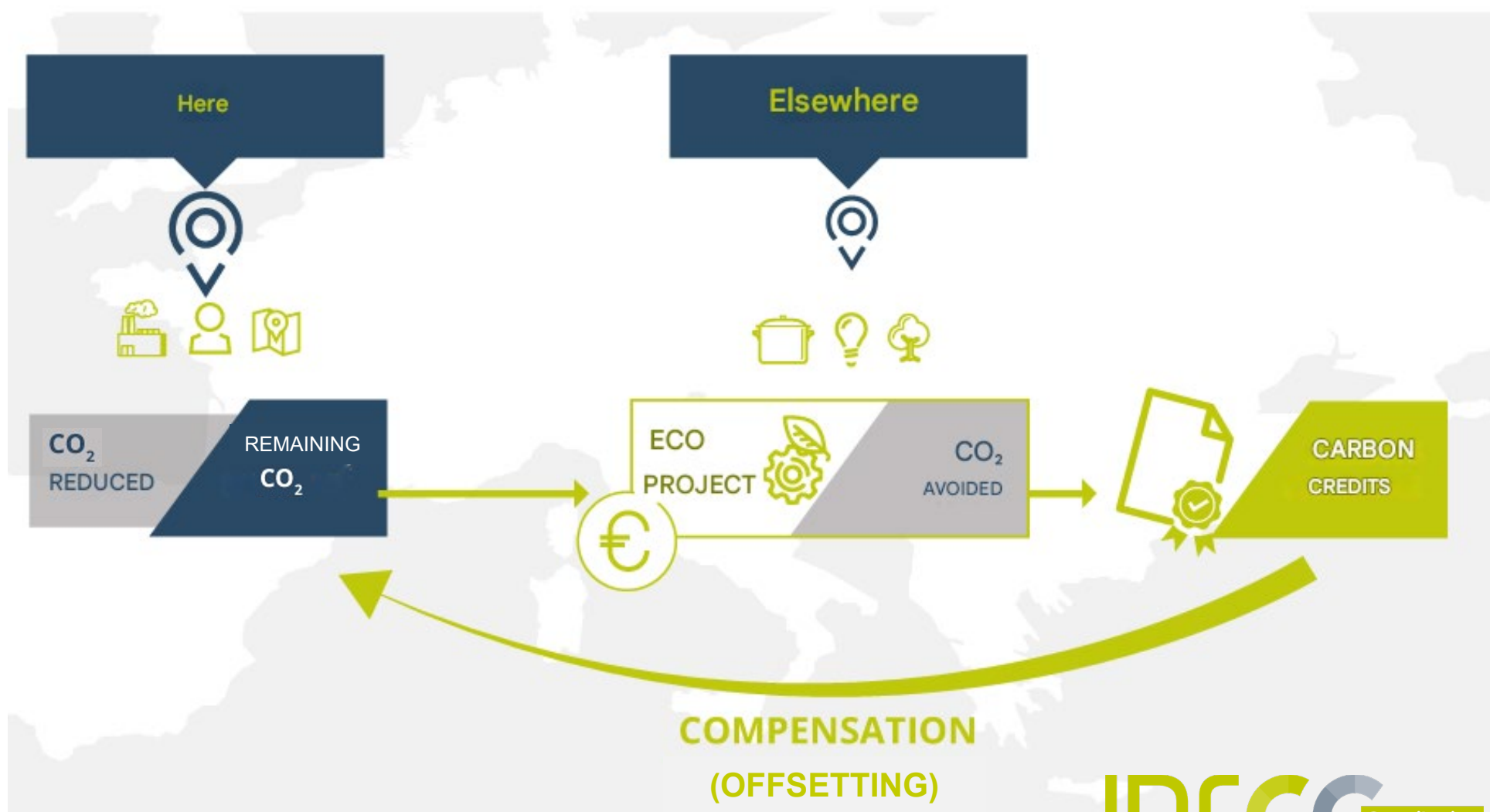
Article 6... to be continued !

Rise of carbon offsetting

Introducing
VCM

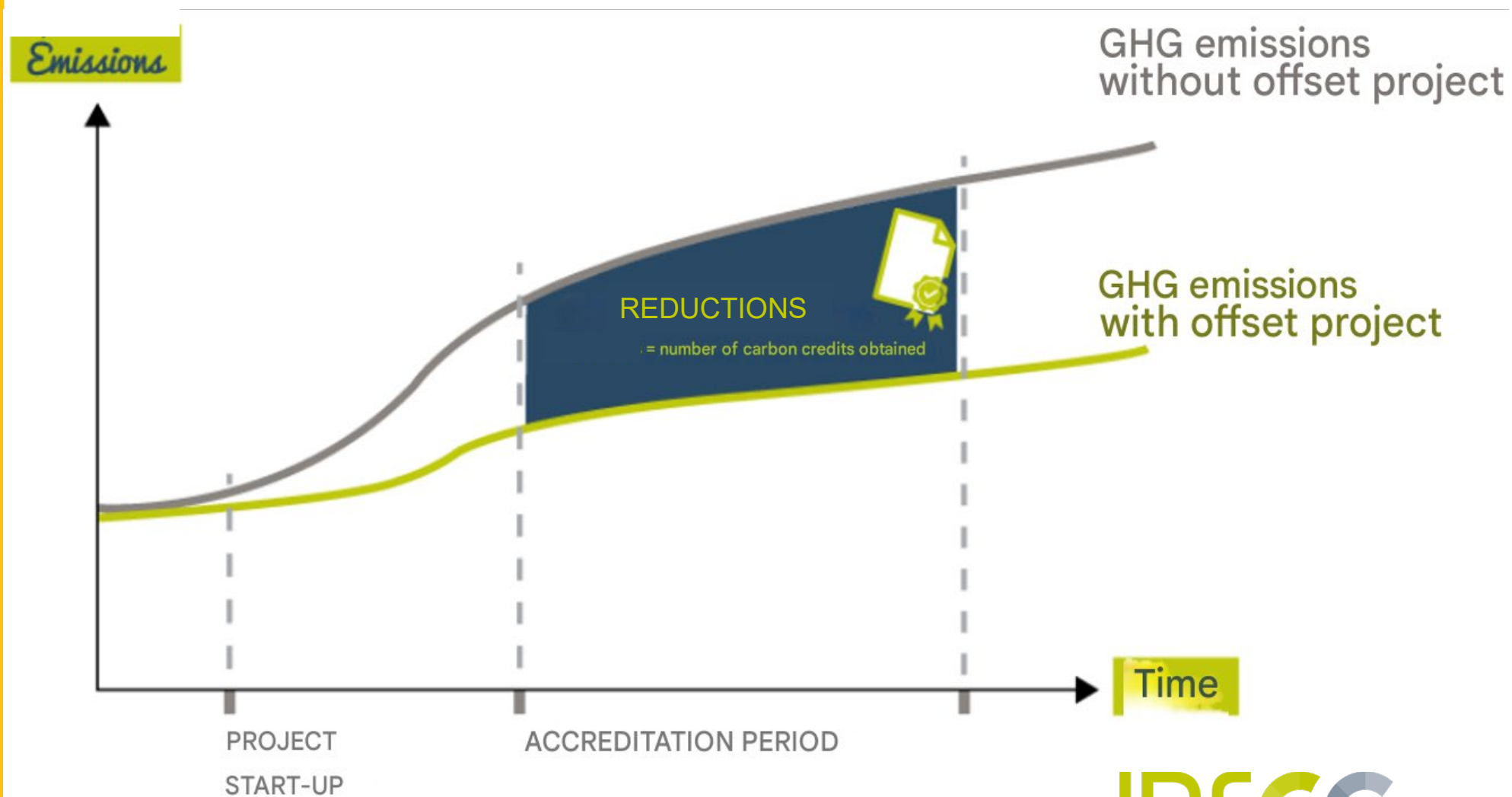
Principle

Introducing
VCM



Principle

Introducing
VCM



Greenwashing ?



Introducing
VCM

VCM : how does it work?

Certification standards

☐ Additionality

Carbon standards are **quality labels** that certify that carbon credits from offset projects meet certain criteria.

☐ Measurability

☐ Unicity and Verification

☐ Permanence



Standards



28 years of Not-for-Profit Carbon Certification Standards



Focus on the Low-Carbon Label

Date of creation : 2018 (Ministry of Ecological Transition)

The Label (LBC) contributes to the implementation of the National Low Carbon Strategy (SNBC).

IN FIGURES

To date: **15 methods validated** by the Ministry of Ecological Transition
670 projects benefit from the low carbon label (as of August 2023)

The average price of a carbon credit certified by the LBC in 2023 is 34,5 euros (vs. market average 8 €).



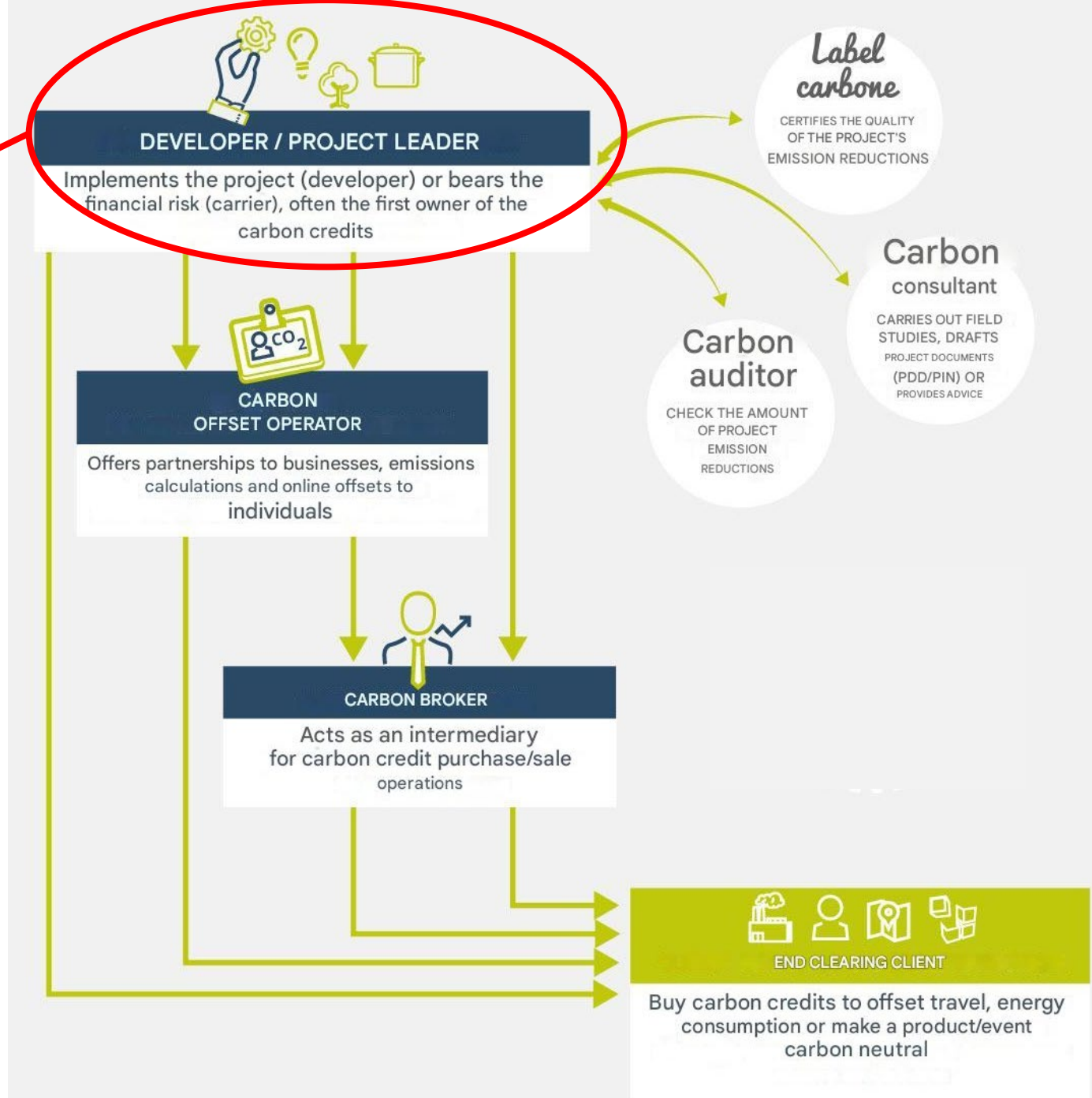
60% of respondents to our poll consider that the functioning of the LBC is of a nature to sufficiently reassure Financiers.

Functioning
of the
VCM

VCM Players

Projects are the basis of
carbon finance.

Several options for
connecting with
financiers, depending
on the number of
intermediaries



Steps of a carbon project

1 - Study of Carbon Potential

- Calculation of CO2 savings
- Choice of carbon methodology – financing plan

2 - Formalization of the project

- Acceptance by the host country
- Project Design Document (consultation)

3 - Implementation of activities

- Field monitoring
- Verification by an independent auditor

4 - Issuance and marketing of credits

- Opening on a carbon register
- Sale to individuals, companies, communities, brokers
(> cancelation or transfer)

Overview of the VCM

KEY FIGURES

All credits sold by the operators surveyed

25,564,375

tonnes eqCO₂ within the scope of our study

for a total amount exceeding €205
million

purchased by
8273 customers

sold by 28
different operators

Price of credits (in
€ / per tonne eqCO₂)



The market is contracting (-36% in volume)...

... while price growth continues (avg. €6.2 in 2022)

THE MVC IN 2023

Seen from France

WHAT TYPES OF PROJECTS?

2 key sectors and 3 historical standards maintain their dominance on the market.

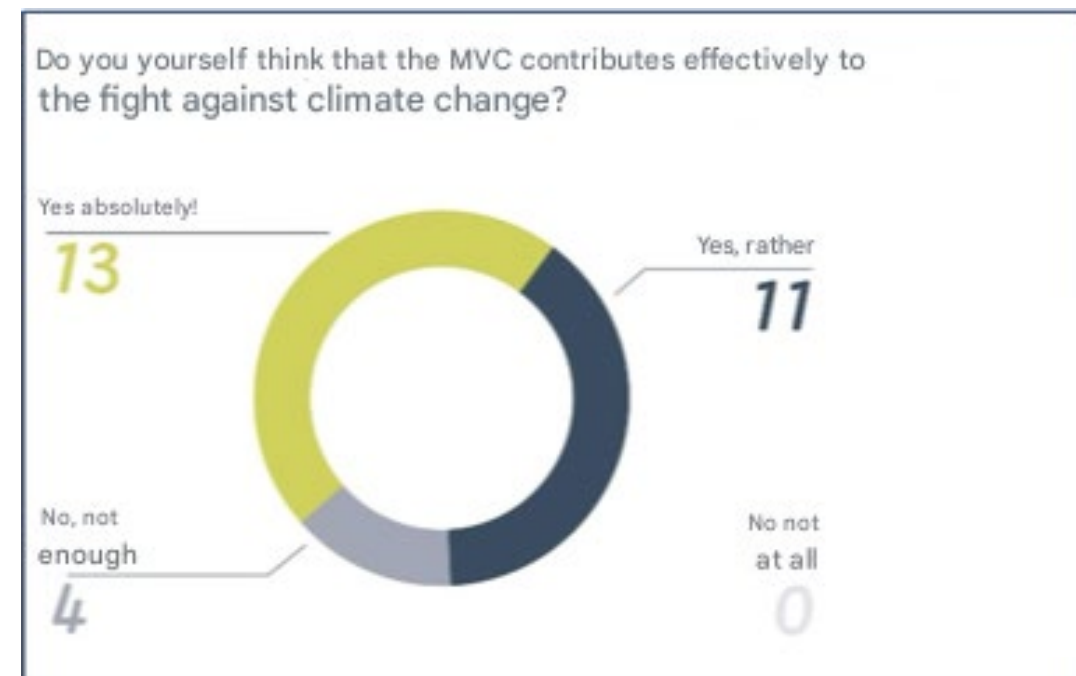
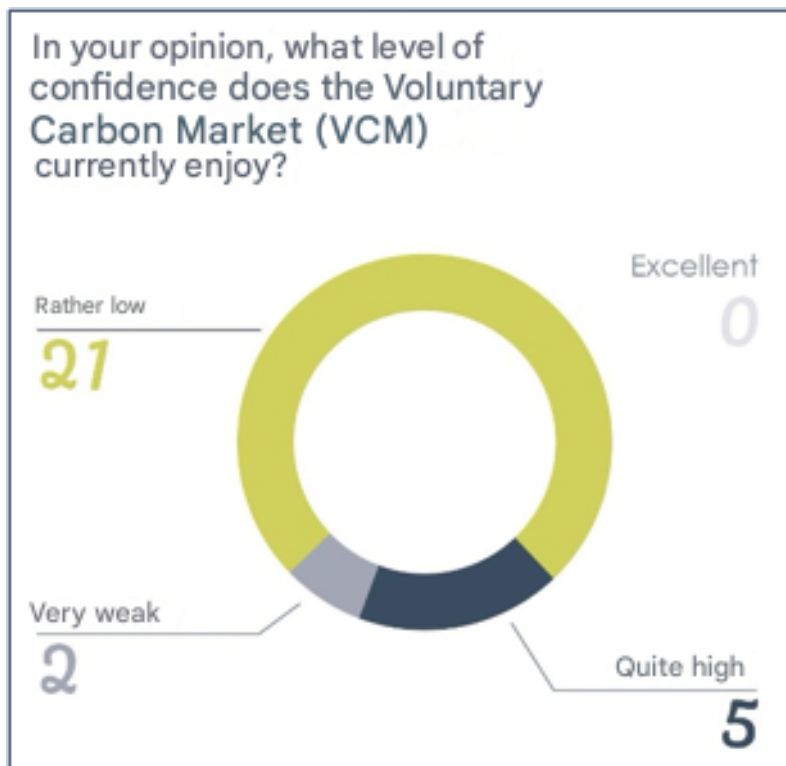


...but alternative
solutions or
certifications are gaining
in importance

THE VCM IN 2023

Seen from France

A crisis of confidence... justified?



THE VCM IN 2023

Seen from France

Expectations of financiers

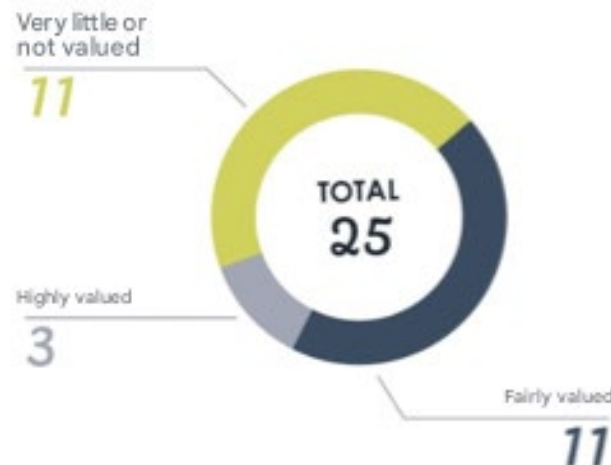
Criteria for choosing credits



A demand for quality that is asserting itself...

Taking into account the co-benefits of projects

In your opinion, to what extent are the co-benefits of carbon contribution projects valued on the market?



... but is still struggling to translate into the market

Carbon offsetting in France

French projects

In total, 628,085 credits sold (including 28,598 overseas) came from projects on French territory (i.e. **2.5%** of the credits covered by the study).



More than 500,000 tonnes sold or pre-sold under the Low-Carbon Label

Among the projects labelled in 2023, **23% of tons were already financed.**

Distribution of projects labelled in 2023



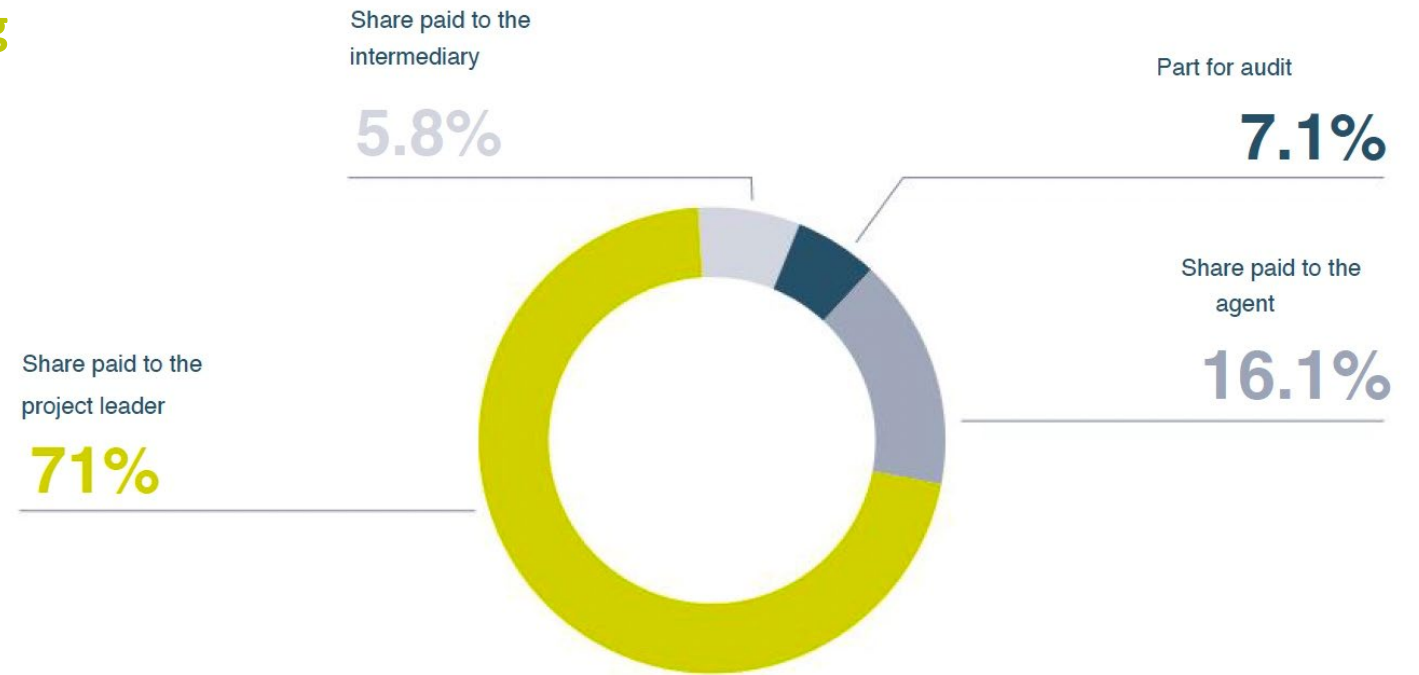
Is agriculture starting off ?

THE VCM IN 2023

In France

Zoom on forestry

Projects financing



➤ **79%** : the average rate at which forestry work is financed

Biodiversity preservation practices

A majority of operators indicate that they are implementing criteria or requirements in this area, sometimes beyond what is written in the LBC, which they sometimes consider insufficient.

THE VCM IN 2023

In France

Questions ?

Comment améliorer la contribution carbone ?

Idées principales :

- ❖ Le marché est imparfait - mais il est une vraie opportunité pour financer des projets de qualité, sur le long terme
- ❖ Essentiel de valoriser les co-bénéfices - relier l'entreprise à ses responsabilités (territoires, communautés locales...)

Enjeux à surmonter :

- ❖ Positionnement "prix" exclusif des financeurs - qui frisent le greenwashing: il faut se rapprocher les prix de vente des caractéristiques d'intervention - pour "financer le changement"
- ❖ Coûts de la certification : donner des gages vs. des fonds qui ne vont pas aux porteurs
- ❖ Localisation ≠ isolationisme