Opportunities and challenges in financing carbon reduction projects through voluntary credits

Jacopo Visetti
July 2013 – Abidjan
BUYERS
looking to secure access to credits without fully funding projects

- Options

INVESTORS
looking to hold a stake in projects

- Pricing of VERs
- Changes in carbon markets
- Forward thinking

FINANCING OPPORTUNITIES
BUYERS Options

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USE OF OPTIONS INCREASINGLY POPULAR AMONG INVESTORS

- Options to buy voluntary credits at a specified price in the future provide flexibility to investors
- Sale of options provides cash flows at the start of the project to the project developer
- Revenues from sale of issued credits will finance scale-up of project
Since 2012 the aviation sector has to offset its emissions under the EU ETS and started understanding the potential of carbon neutrality.

Airlines became aware of the importance of voluntary offsetting for CSR and customer perception.

**Example:** We are currently supporting one of our clients to offset the emissions of its newly established route to Dakar through VERs developed in a specific project in Senegal.
EXAMPLE: OUR EXPERIENCE IN SENEGAL

AitherCO2 together with the airline is developing ovens to smoke fish in Senegal that will improve energy efficiency and reduce the use of wood for ovens and thus CO2 emissions, therefore stopping local deforestation, improving health and reducing local micro-criminality.
SOCIAL BENEFITS ➔ HIGHER PRICE

- African projects substantially improve the living and working conditions of the local communities as well as reducing CO₂
- Higher social impact ➔ Higher demand ➔ African VERs priced at premium compared to voluntary credits from other continents for their ability to communicate stronger social benefits
According to research by the University of Stanford environmental initiatives are priced into stocks for their ability to anticipate a future obligation, thus lowering future potential costs for companies.

Early actions towards becoming carbon neutral can be a decisive factor in attracting investments.
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