



Verra Blue Carbon Working Group (WG) Terms of Reference

Driving Finance to Scale Blue Carbon and Wetland Restoration and Conservation (WRC) Activities

1 Background

Verra develops and manages standards that help countries, the private sector and civil society achieve their sustainable development and climate goals. Verra's flagship program - the Verified Carbon Standard (VCS) - allows independently assessed projects to turn their greenhouse gas emissions reductions into tradable carbon credits. Since its launch in 2006, the VCS has grown into the world's largest voluntary carbon credit program, registering over 1,400 carbon reduction projects worldwide that have reduced or removed more than 260 million tonnes of CO₂ equivalent from the atmosphere. Verra is also the global leader in Agriculture, Forestry and Other Land Use (AFOLU) standards with almost 170 AFOLU projects, across more than 35 countries, registered or in its pipeline. Verra also manages the Climate, Community & Biodiversity (CCB) Standards, the Sustainable Development Verified Impact Standard (SD VISta) and LandScale for incentivizing the sustainable production of agricultural commodities at scale.

Coastal wetlands, including mangroves, seagrasses and salt marshes, are important for climate change mitigation because they sequester and store significant amounts of carbon (e.g., "blue carbon"). Although they currently cover less than 2% of total ocean area, such ecosystems account for almost 50% of the total carbon stored in ocean sediments. Additionally, these coastal ecosystems provide a number of important ecosystem services for communities, including improved water quality, healthy fisheries, and coastal resilience to storm and flood events.

Although many coastal wetlands are degraded or under threat, and despite their enormous potential for carbon sequestration and storage, few carbon projects have been developed. The sale of carbon credits in voluntary or compliance markets could help connect coastal wetland restoration and protection activities to an additional source of finance, and help these activities be implemented at scale. However, despite the availability of a few tidal wetland carbon methodologies, the implementation of "blue carbon" activities has not reached its full potential.

Blue carbon projects face challenges that many other land-use carbon projects do not, including high cost of monitoring, reporting and verification (MRV), identifying and mitigating upstream drivers of ecosystem loss, upfront investment needed for restoration projects, and estimating (and potentially mitigating) the effect of sea-level rise on existing ecosystems. If Verra is able to help address some of these challenges blue carbon projects may be able to access additional sources of finance through voluntary or compliance



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carbon markets, and subsequently help to incentivize the implementation of tidal wetland restoration and protection activities at scale.

With 2020 (when countries will be required to account for emission reductions and removals under the Paris agreement) fast approaching and the urgent need to remove CO₂ from the atmosphere, it is critical to find ways to ensure high-quality, compliance grade emission reductions and removals and to reduce barriers to these projects so that they can be implemented at scale. Although tidal wetland restoration and protection activities are eligible under the VCS Program and other voluntary greenhouse gas programs, blue carbon activities have not reached their full potential. As the world's leading investor-trusted land-based project crediting standard, Verra's VCS Program is uniquely positioned to help advance blue carbon in a way that is scalable and attracts private investment. However, Verra needs the insights of experts with experience in tidal wetland restoration and conservation, and wetland carbon project development to help identify the main barriers to implementation of blue carbon activities at scale, and how they could be addressed.

2 Objective

Verra seeks to establish a Blue Carbon Working Group (WG) to explore key barriers and opportunities for wetland restoration and protection, and identify and prioritize recommendations for how standards and related frameworks/tools could drive finance to activities that restore and protect wetland ecosystems (e.g., including but not limited to the generation of cost-effective, compliance-grade carbon credits).

3 Scope of Blue Carbon WG

The WG will identify and prioritize the 4-5 most impactful actions that Verra and/or partners can advance over the next 12-18 months to enable and catalyze the scaling of tidal wetland restoration and protection. The WG should also identify key funding and/or partnership opportunities that may be needed to achieve these priorities. To begin its work, the WG will help define the most important topics, issues and opportunities to assess as a means of identifying and prioritizing the most impactful actions and crediting opportunities to driving finance to blue carbon projects.

The following are potential topics and related questions the WG could consider:

- **Identify key barriers, challenges and opportunities for scaling blue carbon activities**
 - What are the new or emerging market and demand drivers and how can these be tapped for scaling blue carbon activities?
 - What are the key existing or emerging monitoring technologies (e.g., advances in remote sensing via satellite or drones) or modeling approaches (e.g., country/region specific or globally applicable) that could significantly reduce on-the-ground monitoring/reporting/verification burdens and other costs?

- What are the main development and implementation barriers facing blue carbon ecosystems (e.g., mangroves, seagrasses and salt marshes)?
- What are the best financing approaches (e.g., forward financing or bundling of carbon benefits with non-carbon benefits) to help de-risk or facilitate early investment in wetland projects (e.g., for restoration projects that may take a number of years to have a significant carbon benefit)?
- Consider key existing or emerging consensus science, carbon monitoring technologies or modeling approaches that could have significant impact on reducing the costs and increasing the quality of MRV
- **Streamline existing VCS Program wetland restoration and conservation (WRC) requirements and methodologies to address identified barriers or challenges to scaling blue carbon project development**
 - What would be the most impactful changes to streamline the VCS Program rules and facilitate blue carbon project development and implementation (e.g., reducing project longevity requirements, streamlining requirements for accounting for sea level rise, allowing increased use of default values/conservative estimates, or other changes to reduce project design, validation and/or verification costs)?
 - What would be the most impactful changes to existing VCS WRC methodologies to facilitate blue carbon activity implementation (e.g., allowing for the baseline scenario to take future/expected changes into account)?
 - Consider potential to scale beyond project-level crediting through frameworks similar to Jurisdictional and Nested REDD+ (JNR)
- **Explore how other non-carbon crediting standards could be used (either together with or separate from carbon finance)**
 - Do some blue carbon activities (e.g., restoration, activities in non-mangrove ecosystems) require additional financing mechanisms beyond carbon finance to make them viable?
 - Which non-carbon benefits (e.g., coastal resiliency, wildlife habitat, water quality) associated with blue carbon projects could be linked to new and/or additional sources of finance? Do the non-carbon benefits need to be quantified to the same level of rigor as carbon credits, or would alternative assessments or a “softer accounting” approach be acceptable in some cases?



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4 Structure of Blue Carbon WG

Verra anticipates inviting approximately 8 - 12 stakeholders to join the working group. The working group intends to represent a balance of experience and interests, and should reflect various stakeholders including those with scientific expertise, project and auditing expertise, and wetland management expertise. Where possible, a geographic balance will also be sought including members with involvement in Africa, Asia, and Latin America. Participants may meet one or more of the following criteria:

- Possess a strong understanding of challenges/opportunities associated with implementation of wetland restoration and conservation practices
- Possess strong knowledge of the latest blue carbon science, including the latest monitoring approaches and technologies
- Possess a strong understanding of existing relevant standards and certification approaches, and their strengths and weaknesses
- Possess a strong knowledge of relevant new or emerging market and demand/finance opportunities and trends, and their requirements
- Be a potential user of new VCS Program rules and methodologies
- Be a leading player in related wetlands or blue carbon initiatives

Applicants must be able to commit a limited amount of time to contribute to the WG without remuneration. This will include remote participation via email and about six (60-90 minute) conference calls over a 6 month period between approximately November 2019 and April 2020, with the possibility of extension. Total time commitment is estimated at approximately 15 hours. The aim is to make selections by 15 November 2019 and hold a first meeting of the working work by the end of the year.

The WG will be convened by Verra. Verra staff will be responsible for organizing input by the WG, for facilitating communication and consultation with other stakeholders as needed and for advancing the solutions, in partnership with others, identified by the WG. Verra may create smaller ad hoc groups to advance specific topics depending on needs and participant interest, availability and expertise. The WG will provide guidance and advice to Verra but will not have decision-making power. The working language of the WG will be English.

Applications are invited for membership in Verra's Blue Carbon Working Group until **28 October 2019**. Please send applications to aschmid@verra.org providing name, organization, a resume or C.V. and a brief statement of interest and relevant expertise.