

Media release

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New Climate Bonds Expert Working Group kicks off to develop eligibility criteria for climate bonds linked to Agriculture and Forestry investments

Working group of 20 international experts gets the Standard development under way

London 30th Oct 2014 – The Climate Bonds Initiative held the first meeting of a new Agriculture, Forestry and Other Land Use (AFOLU) Expert Group last week. It is convened to develop eligibility criteria for assets and projects that can be used to back Climate Bonds.

The Climate Bonds Standard is a FairTrade-like labeling scheme for bonds, designed to make it easier for investors to work out what sorts of investments genuinely contribute to addressing climate change.

Investor demand for such investments has fueled the recent rapid growth in green bonds – from US\$11 billion issued in 2013 to US\$32 billion issued so far this year.

The new guidelines for ‘climate smart’ bond issuances, due to be finalised in the second quarter of 2015, will help expand the green bonds market into agriculture and forestry projects and assets.

The committee of thirteen international experts includes members from USAID-Asia LEAF, World Agroforestry Center (ICRAF), Centro Agronómico Tropical de Investigación y Enseñanza (CATIE), Verified Carbon Standard, Centre for Climate Risk and Opportunity Management in Southeast Asia Pacific (CCROM-SEAP) and the US Department of Agriculture. The new working group will draw on the expertise of the members of the LEDS Global Partnership AFOLU Working Group that was set up to promote integration of low emissions development activities in the AFOLU sector.

World Bank estimates the total value of the agriculture sector as US\$ 3.2 trillion and it is in fact one of the major contributors to global greenhouse gas emissions. According to the Intergovernmental Panel on Climate Change (IPCC), Agriculture and Forestry together contributed 22% of greenhouse gas emissions in 2005. The UN Food and Agriculture Organisation (FAO) says that such emissions have nearly doubled over the past 50 years and could increase a further 30% by 2050 without greater effort to reduce them. An estimated additional investment of US\$ 14 billion by 2030 will be required to cope with the adverse impacts of climate change on AFOLU-sectors according to UNFCCC.

Sean Kidney, CEO of the Climate Bonds Initiative, said:

There’s an urgent need for investments that help reduce deforestation and help with climate change adaptation in vulnerable agricultural areas. This is especially important as food crops are already being affected by climate change, contributing to global food price volatility.

The right kinds of investment in agriculture also have the potential to help sequester enormous amounts of carbon.

Dr. David Ganz, Chief of Party of USAID LEAF project and member of the LEDS Global Partnership's AFOLU Working Group added:

Underpinning the Green Bond market with a standard will reduce the risk of poorly designed projects, especially 'green washing' over-advocacy where anyone can sell any project as a green project. We sincerely hope that this effort will promote confidence to the market when selecting certified projects with the Climate Bonds Initiative certifications. Each of these aspects will lead to increased investor confidence in AFOLU green bond projects and will open increasingly wider doors for more investment in this sector which is sorely needed.

Working group lead expert Tania Havemann said:

We expect a large Green Agriculture Bonds market to emerge in the coming years.

Bond investors need help understanding what are the right investments in this sector. The Expert Group will develop clear and public criteria to help investment decision-making. Certification under the Climate Bonds Standard will provide investors with assurance about the environmental benefits of these projects.

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About Climate Bonds Initiative: The Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment in the low-carbon economy. For more information please visit www.climatebonds.net, <http://standards.climatebonds.net>, @ClimateBonds

The Climate Bond Standard & Certification Scheme has been developed for fixed income investments in areas that support a rapid transition to a low-carbon and climate resilient economy. The aim is to provide an easy-to-use tool for investors and governments to assess the environmental integrity of bonds claiming to address climate change mitigation and adaptation. Eligibility criteria have to date been developed for wind and solar energy investments, energy efficiency in buildings, with low carbon transport investments soon to be released.

For more information or to arrange interviews, please contact:

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Sean Kidney, CEO, Climate Bonds Initiative, sean@climatebonds.net, +44-75-2506-8331

EXTRAS

The initial AFOLU Technical Working Group members include:

- Tanja Havemann, Clarmondial
- Dr. David Ganz, USAID's Lowering Emissions in Asia's Forests (USAID LEAF)

- Dr. Adam Chambers, NRCS-National Air Quality and Atmospheric Change Team, USDA
- Henry Neufeldt, World Agroforestry Center (ICRAF)
- Paul Chatterton, WWF International
- Dr. Christine Negra, Ecoagriculture Partners
- Prof. Molly Jahn, Department of Agronomy, University Wisconsin-Madison
- Frank Hicks, Senior Advisor to Forest Trends and Root Capital
- Jerry Seager, Verified Carbon Standard
- Martial Bernoux, French Research Institute for Development, SCOPE
- Annett Thiele, University Greifswald
- Dr. Rizaldi Boer, Centre for Climate Risk and Opportunity Management in Southeast Asia Pacific (CCROM-SEAP)
- Bastiaan Louman, Centro Agronómico Tropical de Investigación y Enseñanza (CATIE)
- Chris Knowles, European Investment Bank
- Brett Shields, Asia LEDS Partnership and Spatial Informatics Group

The Climate Bonds Standard is supervised by a board comprising:

- The California State Teachers Retirement System (CalSTRS)
- The Nature Resources Defense Council
- The Carbon Disclosure Project
- The Ceres Investor Network on Climate Risk
- The (Australian) Investor Group on Climate Change
- The (EU) Institutional Investor Group on Climate Change
- The State Treasurer of California, Bill Lockyer