

Leveraging Carbon Finance for Sustaining Livelihoods through AWD

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Introduction

The agricultural sector faces daunting challenges in the wake of the Climate Crisis, amidst increasing global water scarcity, which threatens irrigated crop production. Rice, India's most important crop, uses more water than other crops resulting in land degradation. Therefore, paddy grown by traditional methods is a matter of concern. Alternate Wetting and Drying (AWD), also known as controlled or intermittent irrigation, is a water-saving technology that rice farmers can apply to reduce their irrigation water consumption by 15-20% without compromising on the yield. This session aims to provide an engagement platform for various stakeholders to build knowledge and awareness about the opportunities and benefits that can be realized by implementing result-based financed AWD programs via climate and blended financial instruments.

Methodology

VNV Advisory is a Project Developer of community-based Climate Resilient (Mitigation & Adaptation) Programs in areas of sustainable agriculture, social forestry, mangroves restoration, clean cooking, rural energy access and waste management. Our experience in leveraging Carbon Finance has ensured the empowerment of millions of front lining communities in the South Asian region over the last 16 years. Carbon markets aim to reduce GHG emissions cost-effectively by setting limits on emissions and further enabling the retirement of residual emission units (instruments representing emission reductions). The Voluntary Carbon Market (VCM) is based on voluntary action taken by organizations that certify that their emission reductions have environmental integrity. Flexibility of the Voluntary market– innovations in project finance, monitoring and methodologies that influence regulatory market mechanisms. It has spawned its own standards, registries, and project types beyond the scope of existing compliance market mechanisms. It is critical to ensure,

or verify, the emission reductions generated by a carbon project are existent and valid. Herein lies the role of various international standards to ensure the credibility of emission reduction projects. There are many standards that issue offsets through the voluntary carbon market. VNV primarily works with CDM, VERRA, Gold Standard and Plan Vivo. For our Alternate-Wetting-and Drying Programs we use the following methodology:

AMS III AU – CDM Methodology

This methodology outlines the rules and guidelines for the implementation of AWD on low-lying rice fields where irrigation can be controlled. Currently such carbon projects are being implemented in parts of Madhya Pradesh, Maharashtra, Chhattisgarh, and Nepal.

Results

- AWD has been shown to reduce water consumption by 25% and reduce methane emissions up to 50%
- Crop yields are maintained and have not been negatively affected through the introduction of AWD.

Socio-economic Co-benefits of Our Programs

Our programs are designed from the bottom-up, keeping the farmers at the forefront and their empowerment as the focus. Equal representation and participation is encouraged throughout the duration of our programs. Communities are organized and networks are strengthened through the formation of farmer groups. Project staff are recruited locally; project activities and monitoring has created sustainable employment and provided an additional income to members of participating communities. SHG's with a significant number of women have been created to encourage collaborative decision-making, thereby lessening the gender gap in rural communities. Bank accounts have been created for each SHG and Farmer



group through which financial incentives are provided to farmers for various activities.

Conclusion

Voluntary Carbon Market (VCM) projects can claim positive and verified contributions towards the UN SDGs, offering an opportunity to identify and address development needs of developing countries, more specifically communities at the front lines of climate change. The value derived from

these projects via elements of mitigation, avoidance, and sequestration, particularly through nature-based solutions, isn't restricted solely to financial gains, but the added imperative of social returns such as social networks, gender equality and inclusiveness, affordable and clean energy, and sustainable practices throughout the project. These projects facilitate achieving emission reductions but also earn additional revenue that can be used to support the project activities/communities in perpetuity.