WEBINAR 3
Enhancing Adaptation Finance through Blockchain
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- REDD+
- Disaster Reduction and Recovery
- Agriculture
- Parametric Insurance
Results-Based Payments - Example of REDD+

- RBP is the final phase of a REDD+ project. It will benefit countries to utilise blockchain and other emerging technologies to collect and account data on an immutable ledger.

- In forest conservation projects, there are some obvious benefits when you pair the Blockchain with REDD+ projects. Some of the challenges REDD+ projects face are:
  - Double counting, land rights, accurate monitoring and verification, leakage, benefit-sharing, finance
Results-Based Payments - Example of REDD+

• Blockchain can alleviate all of the challenges above because of its characteristics:
  • Automation
  • Land/ER’s Ownership
  • Traceability
  • Decentralisation (Peer-to-peer)
• There is an enormous opportunity to boost forest conservation and sequestering carbon (Carbon Capture & Storage) with blockchain and cryptocurrencies. Carbon credits created from REDD+ projects as by-products could be marketed directly to consumers. In that way, consumers can get connected directly with projects.
Potential Advantages of Blockchain Integration

• Automation – Enhances current MRV practices and reduces costs

• Traceability – Contributes to MRV, reduces risks of corruption and fraud

• Disintermediation – Brings in Transparency in benefit sharing mechanisms

• Ownership – Contributes to land rights
Potential Advantages of Blockchain Integration

- Blockchain technology in combination with IoT and AI – Can make REDD+ more accessible to developing countries.

- Use of Blockchain based systems to process data from point of submission of information through that of review, validation, verification and publication to ensure the integrity of the programme.
Agriculture

- Immutability of land records
- Traceability and transparency of permits, certifications, and transactions
- Smart Contracts
  - To track climate finance
  - Microinsurance
  - Rural credit
- Governance
  - Community capacity building
  - Trust
  - Data management
Example of building climate resilience: Parametric Insurance

How does parametric insurance work?

1. Based on the use of a parameter (typical rainfall amount or temperature or wind speed) that is correlated to the client’s loss (e.g., decrease in revenues)
2. Claims payment amount is fixed in advance in the insurance contract and is triggered upon exceeding the threshold conditions

- Alternative non-traditional risk solutions
- Revolving around a measurable index and based on pre-defined triggers or payout mechanisms – without necessarily needing physical damage to occur
- Response to climate-related weather risks which are becoming increasingly complex and unpredictable
THANK YOU