

UN-REDD | REDD+ ACADEMY
PROGRAMME

9

REDD+ Finance

Learning objectives

By the end of this module, you should be able to:

- Describe the role of REDD+ in the green economy
- Describe REDD+ costs and different types of finance
- Describe issues relevant in finance planning
- Explain the sources and use of REDD+ finance



Agenda for the session

- Introductory presentation on REDD+ Finance
- Q & A
- Quiz (following Module 10)

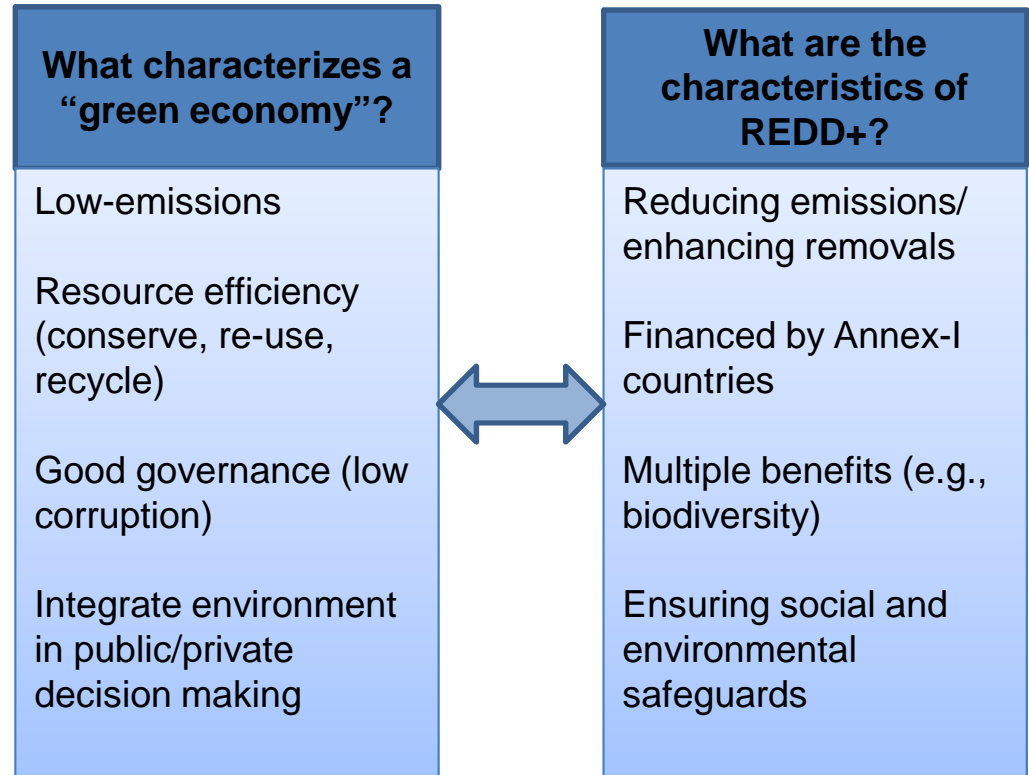
A green economy

20th Century economy:

- Based on extraction

21st Century economy must be:

- Based on efficiency in use of land and water
- Growth not dependent on carbon emission



What costs are associated with REDD+?

- **Implementation costs** – costs directly associated with actions to reduce deforestation, forest degradation, or enhance carbon stocks
- **Transaction costs** – arise from the needs for information (for example, operating the NFMS; operating stakeholder engagement mechanisms)
- **Opportunity costs** – the costs of foregone alternative land uses (e.g. profits from agriculture for land maintained as forest)



What 'REDD+ finance' means

- To **REDD+ partner countries**, the ability to successfully raise capital
- For **corporate entities**, a potential means of revenue to enable sustainable use of forests
- For **local communities**, an incentive for efforts made to manage forests sustainably

Direct finance:

Assigning a price (value) on forest carbon

Financial options to address drivers:

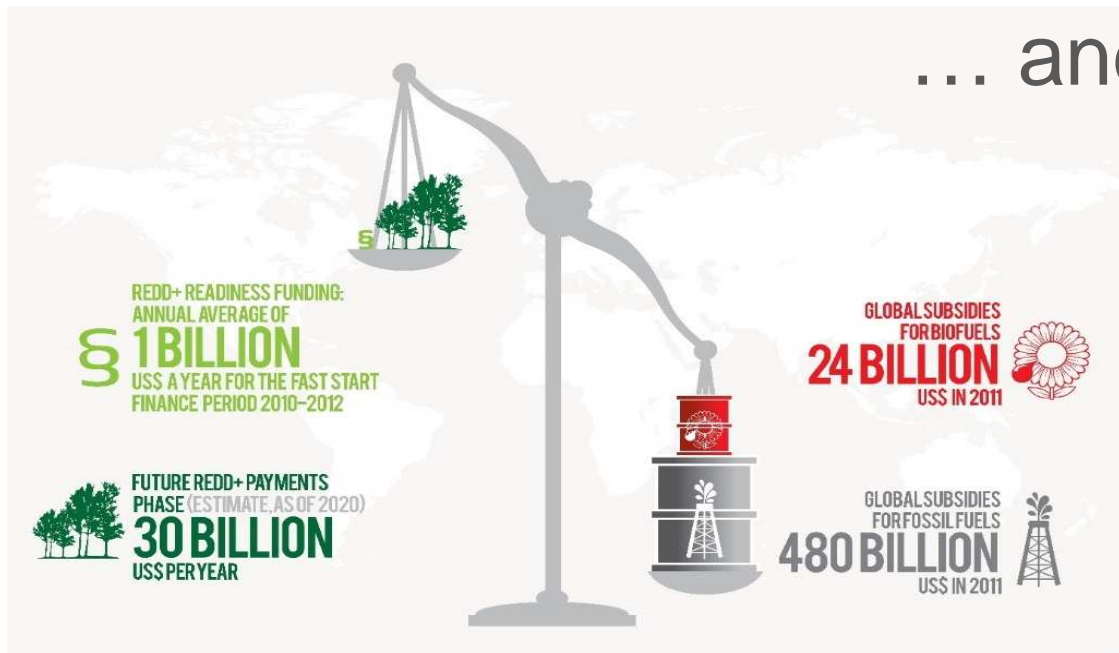


External financial factors:



Forest finance versus fossil fuel finance

... and versus pet food!

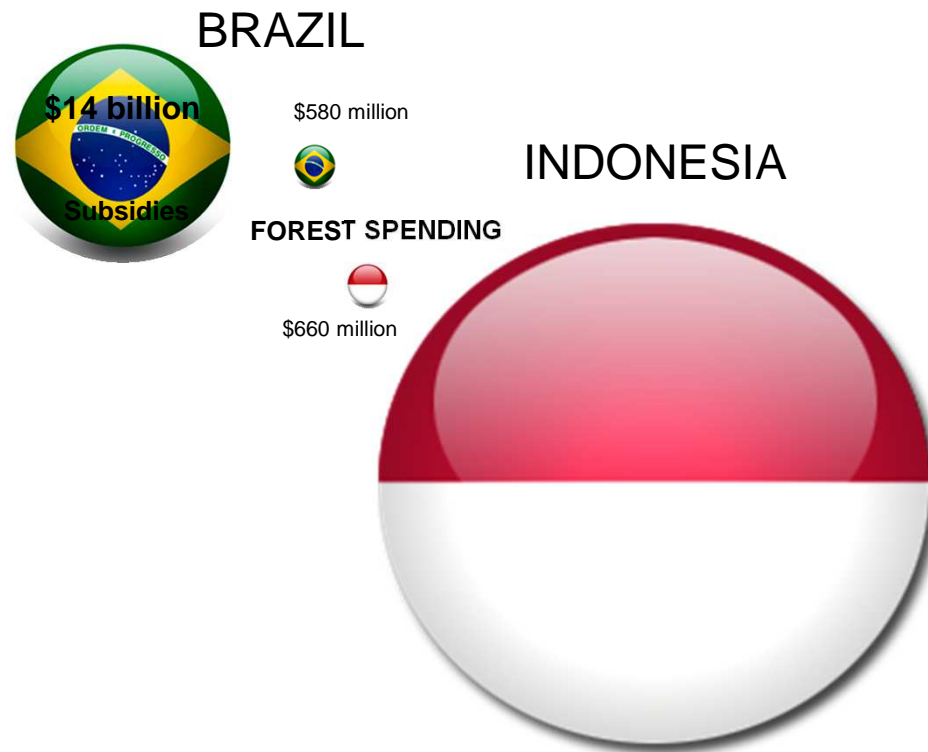


Global REDD+ Finance:
\$ 1 billion/yr

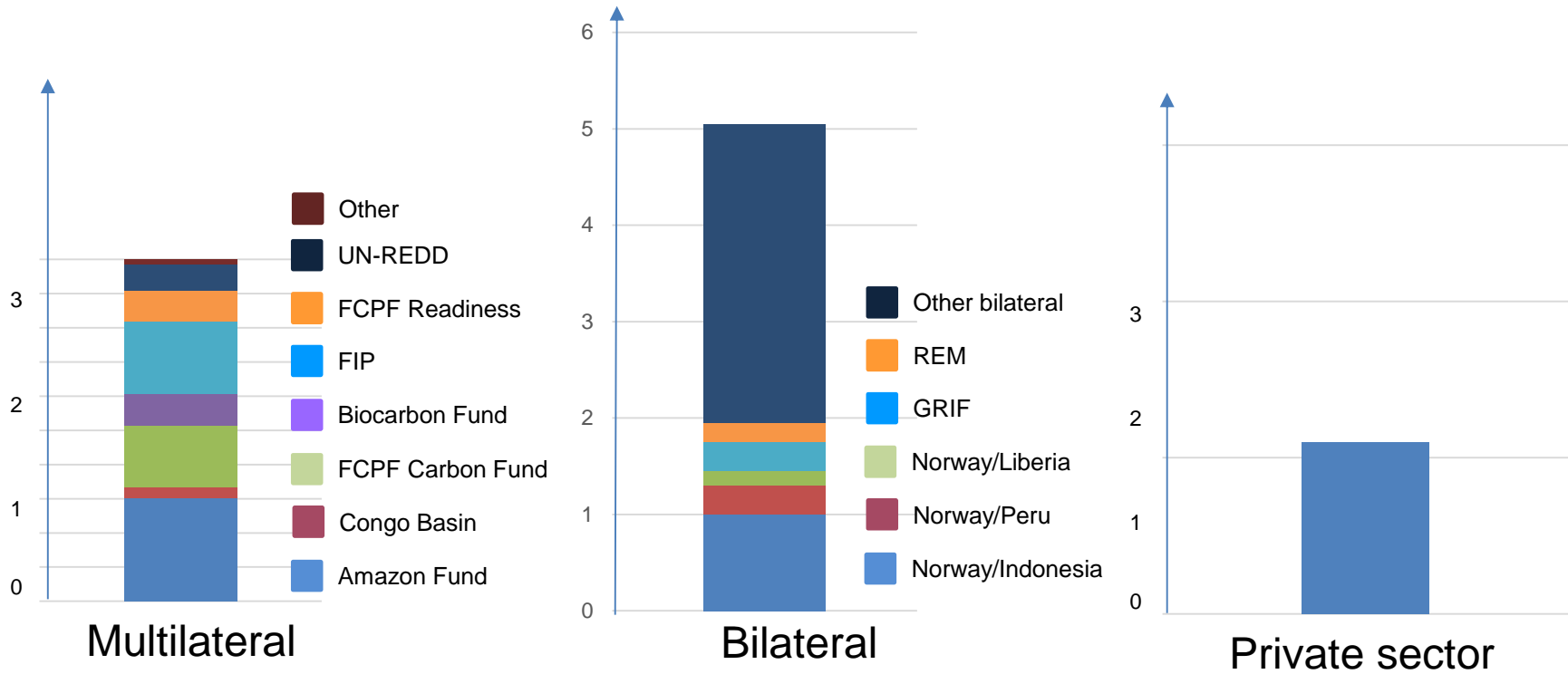
Spending on pet food in US alone:
\$ 20 billion/yr !




Forest finance versus Agricultural subsidies



Where international REDD+ finance comes from



Where REDD+ finance is used

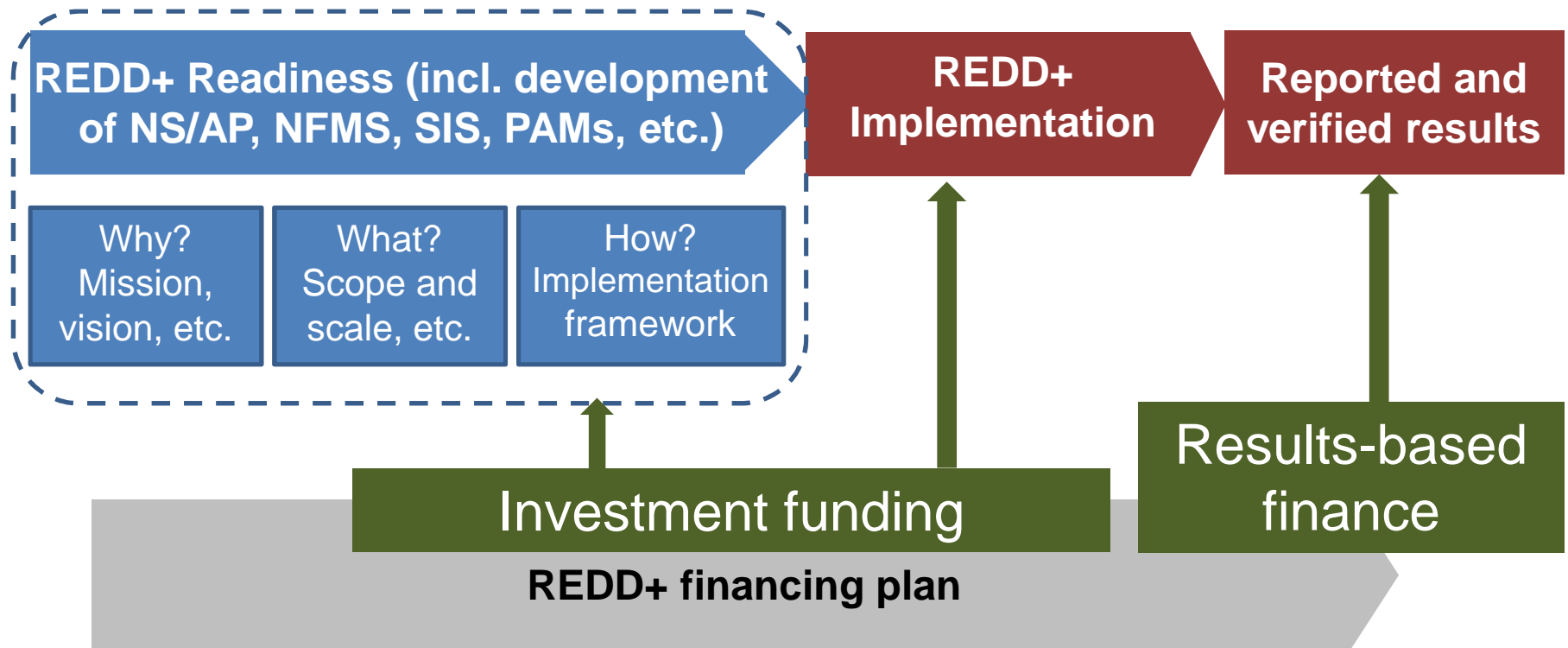
- Brazil and Indonesia together receive 35% of allocated funding out of a total of 80 recipient countries, globally
- In Asia/Pacific: 19 Partner Countries of the **UN-REDD Programme** in A/P (including Bhutan) 
- In Asia/Pacific: 11 Member Countries of **FCPF** in A/P (including Bhutan) 
- In Asia/Pacific: 5 **FIP** countries (Bangladesh, Cambodia, Indonesia, Lao PDR, Nepal)

What about domestic finance?

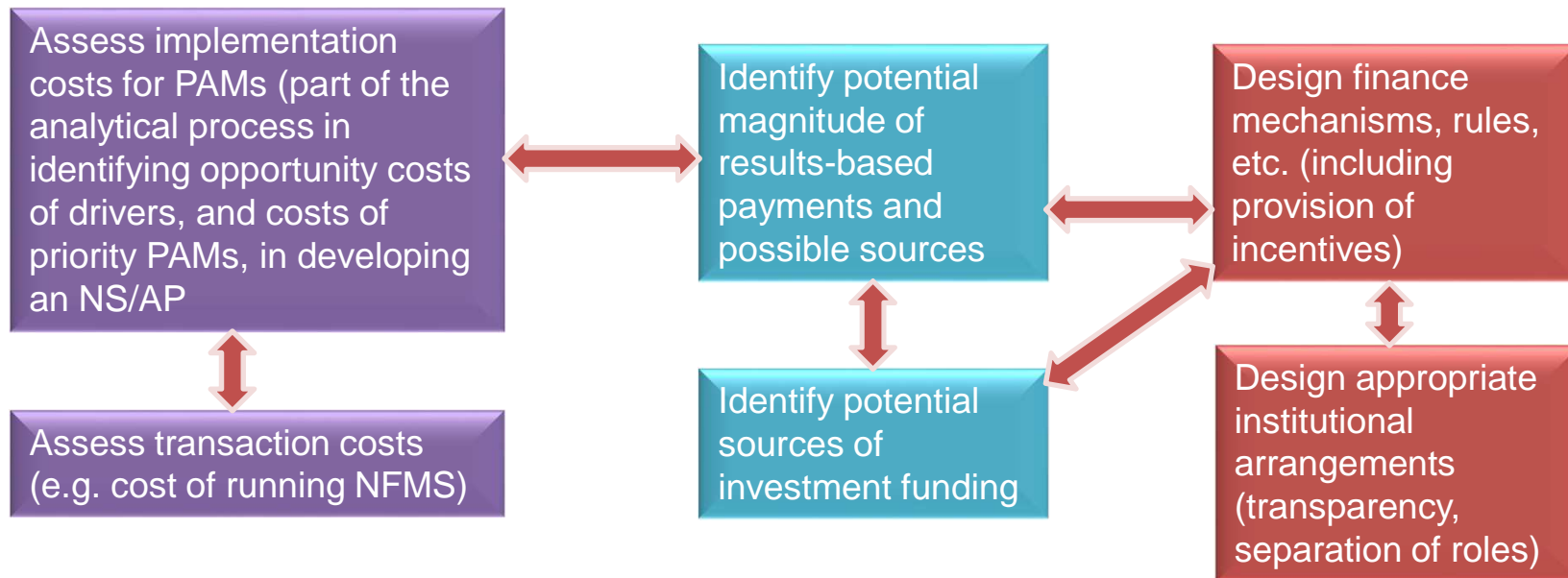
- **India** modified its transfer payment system (central to State governments) to include forest cover, with 7.5% weighting, in the formula.
- Equivalent of investing \$6 billion/year in forest conservation.
- In **Brazil**, Petrobras has contributed more than \$6.5 million to the Amazon Fund.
- Numerous countries have forms of payment for ecosystem services (PES)



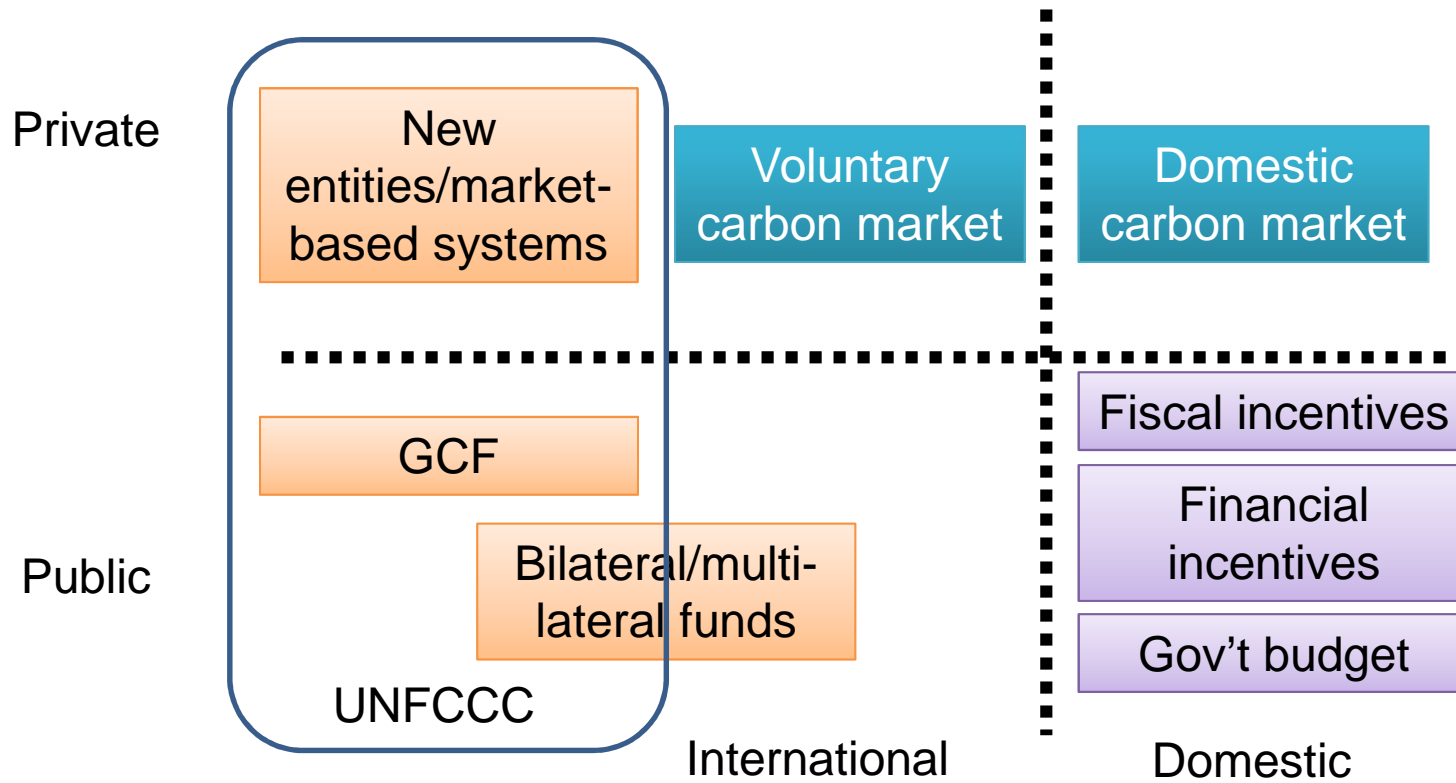
Finance and REDD+ implementation



Developing a finance plan



Potential sources of REDD+ finance





Key points

- REDD+ plays a part in the 21st-century green economy
- REDD+ finance needs to take into consideration different types of costs associated with REDD+
- REDD+ financing comes from a small number of countries and is spent primarily in a limited number of countries
- Planning for REDD+ financing must be integrated with the implementation of other aspects of REDD+ activities