**REDDy – Set – Grow: Opportunities, Risks and Roles for Financial Institutions in Forest-carbon Markets**

The United Nations Environment Programme Finance Initiative (UNEP FI), in collaboration with the UN-REDD Programme launched the new UNEP FI report: REDDy – Set–Grow: Opportunities, Risks and Roles for Financial Institutions in Forest-carbon Markets. [The report](http://www.unepfi.org/fileadmin/documents/reddysetgrow_01.pdf) and [a video of the event](http://player.vimeo.com/video/24422026?title=0&byline=0&portrait=0%20) are both available online.

Together with leaders from private finance institutions – including speakers from BOAML, Allianz and BNP Paribas – senior policy makers from forest-rich countries and representatives of the REDD+ initiative, we explored the rapidly developing field of forest-carbon finance and discussed the opportunities, risks and roles for financial institutions in this emerging market.

There was consensus that the financial sector will play a key part in mobilizing the capital required to protect the world’s forests. While financial institutions do not typically interact with Ministers of Environment, REDD+ provides the incentive to change that. Representatives from these institutions voiced concern over the uncertainty surrounding a compliance regime and how that is an obstacle to substantial investment from the financial industry.

While REDD+ represents a potential win for climate change, addressing the need to mitigate up to 17% of green house gases, it also holds the potential to transform the forest sector, creating new industries, new jobs and new development opportunities through new investment. Any win-win of this sort is likely to have one more positive knock-on effect; the conservation of biodiversity for which tropical forests are the ultimate treasure trove. Current estimates for the required investment in REDD+ are estimated at a minimum of $17-33 billion/year. Investment of this scale is unlikely to come from governments alone, and thus active participation from the private sector and the financial industry is essential. If the international community does nothing to reduce deforestation, it is estimated that the global economic cost of climate change caused by deforestation alone could reach $1 trillion/year by 2100, with disruptive effects on the world economy of unforeseeable intensity.

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