



REDD & Co-Benefits

Kaetsu Centre, Murray Edwards College, Cambridge

TEEB on REDD Co-Benefits

Ethics, Valuations, Mechanisms, Markets

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Environment, Nature Conservation
and Nuclear Safety



Rijksoverheid



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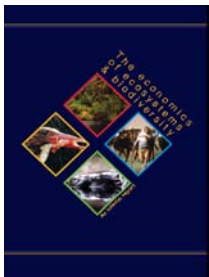


TEEB's genesis ...


G8 2007
Environment Ministers Meeting
Potsdam, 15-17 March 2007


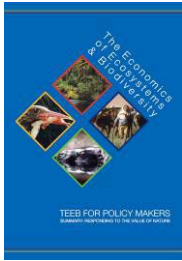
“Potsdam Initiative – Biological Diversity 2010”

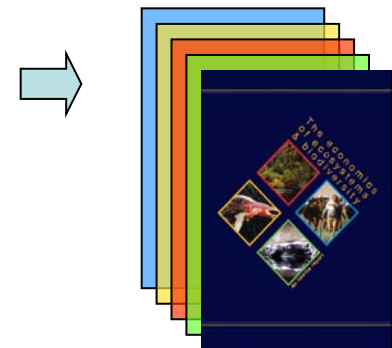
The economic significance of the global loss of biological diversity



TEEB Interim Report
CBD COP-9, Bonn, May 2008



TEEB Climate Issues Update
Strömstad September 2009.



TEEB for Policy Makers
Brussels 13 Nov. 2009



The Economics of Ecosystems & Biodiversity



TEEB is ...

- ... About Economics, the Currency of Policy
- ... An evolving, multi-donor initiative, 2007-2010, begun by EU & Germany on behalf of G8, now hosted by UNEP
- ... An “Open Architecture” project... over 500 contributors (phase 1+2) across partner institutions, universities, individuals..
- ... A Maker of “Global Public Goods”: the TEEB Report suite
- ... A Catalyst of Change within Society: Economics, Accounts, Philosophy
- ... Above all, a “Community”...



European Environment Agency



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TEEB – Reports for different audiences



TEEB Ecological and
Economic Foundations (D0)
www.teebweb.org



TEEB for Policy-Makers (D1)
www.teebweb.org



TEEB for Local Policy (D2)
Launch in September 2010



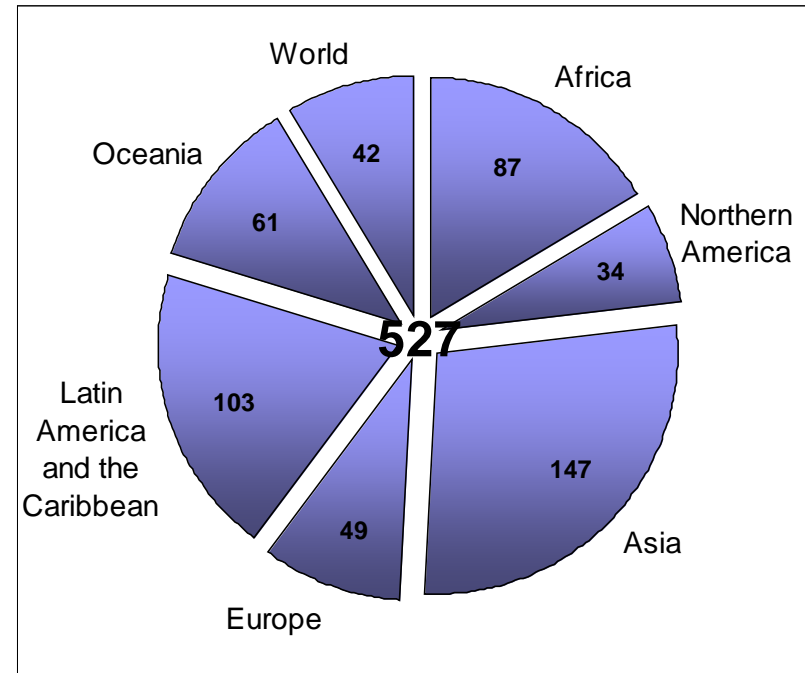
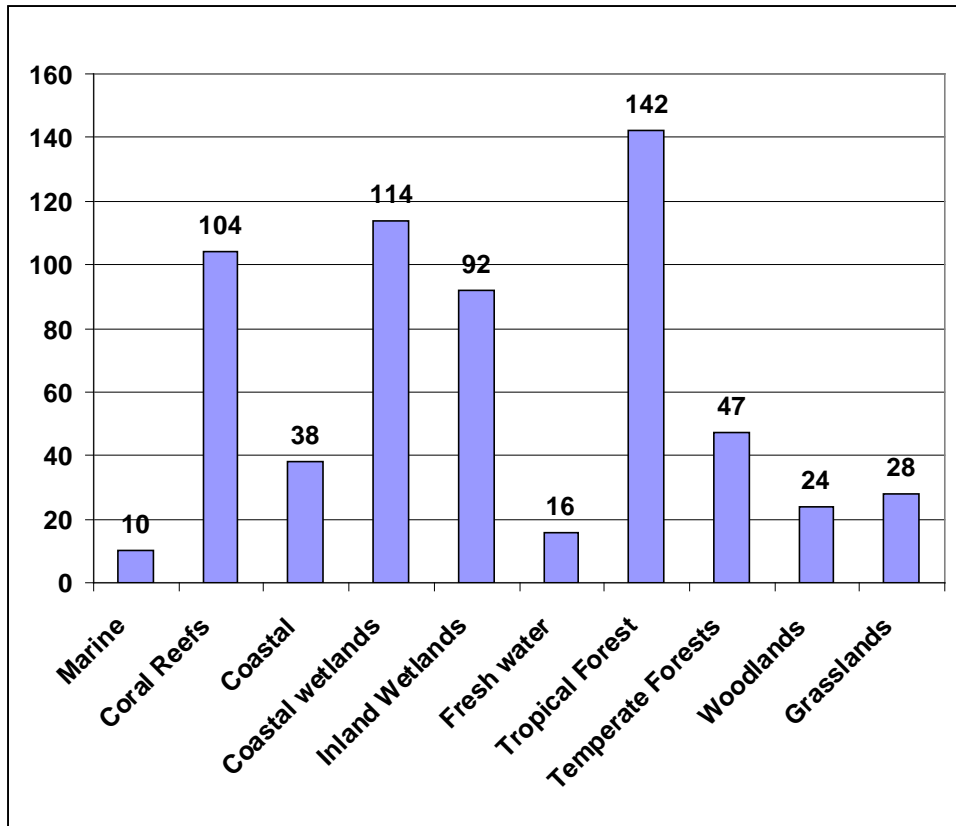
TEEB for Business (D3)
Launch in summer 2010



TEEB for Citizens (D4)
Launch in late 2010

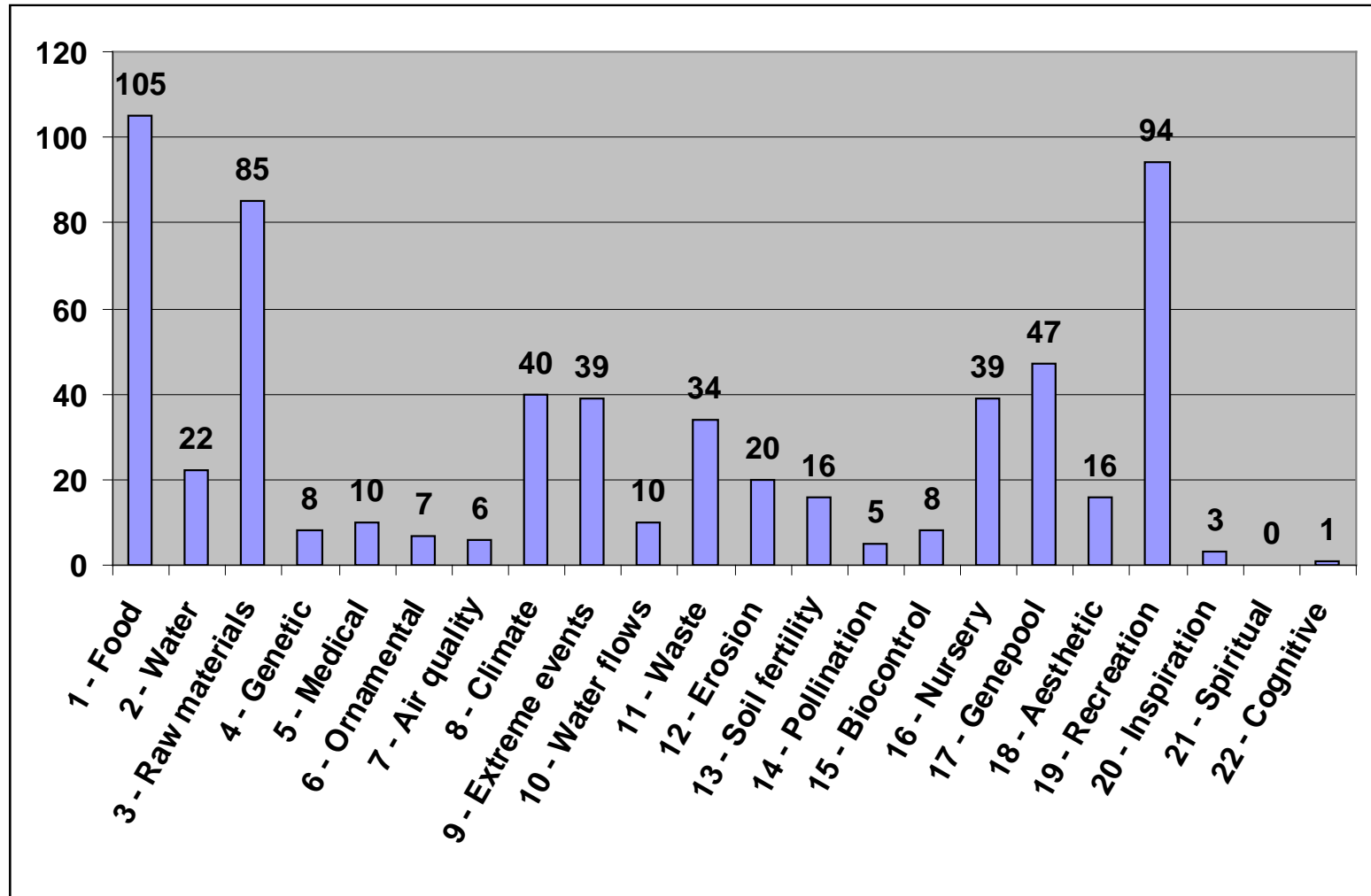


TEEB valuations database (by biome and region)





TEEB valuations database (by service)



Source: TEEB D0 chapter 7 (draft March 2010)



Using TEEB's Valuation Database

Example : from service values to business impact analysis

Case study: Use of Forest Resources by Construction Sector in China (collaboration with Trucost)

1. Take ecosystem service values (US\$/hectare/year from D0)
2. Convert to US\$/m³ (based on volume density/hectare)
3. Express as externality of timber use in construction (64% in China)
4. Compare externality to business value:
 - % of value added
 - % of market value
 - impact on profits
5. Assess policy impacts
 - economic costs and ecosystem benefits of logging ban
 - increased dependence on imports (cost-shifting?)

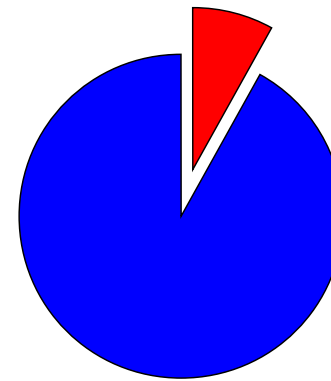
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Equity, Ecosystem “Co-Benefits”, & Economics ?

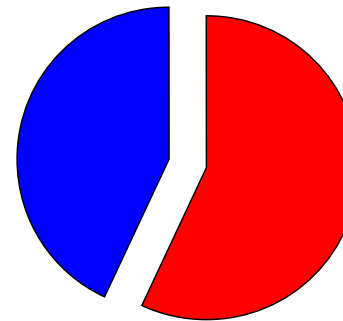
India Example: 480 Million people earn their livelihood mainly in small farming, animal husbandry, informal forestry, fisheries ...

**Ecosystem services /
classical GDP**



7.3 %

**Ecosystem services/
“GDP of the Poor”**



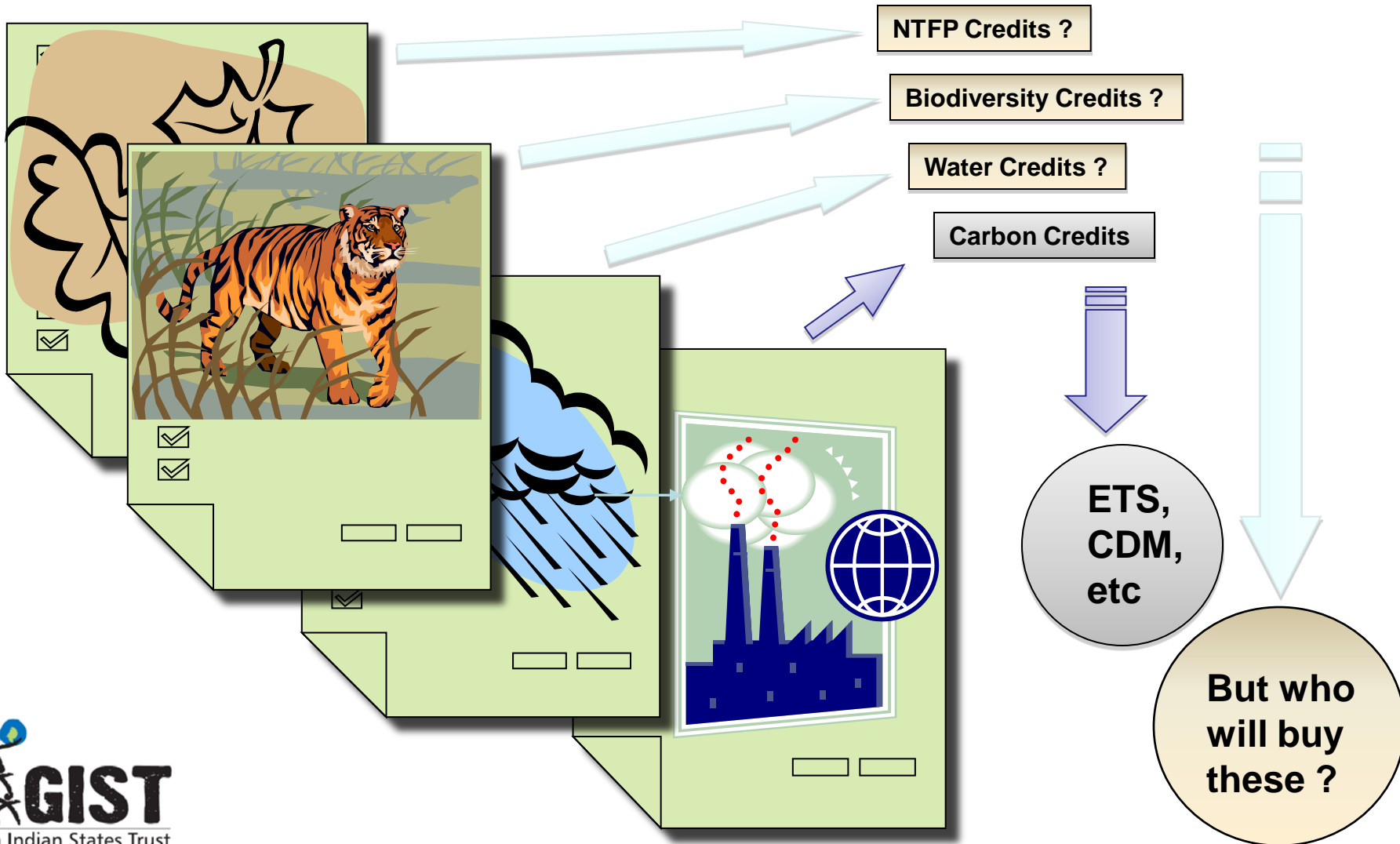
57 %

Source: GIST's Green Accounting for Indian States Project, 2002-03 data

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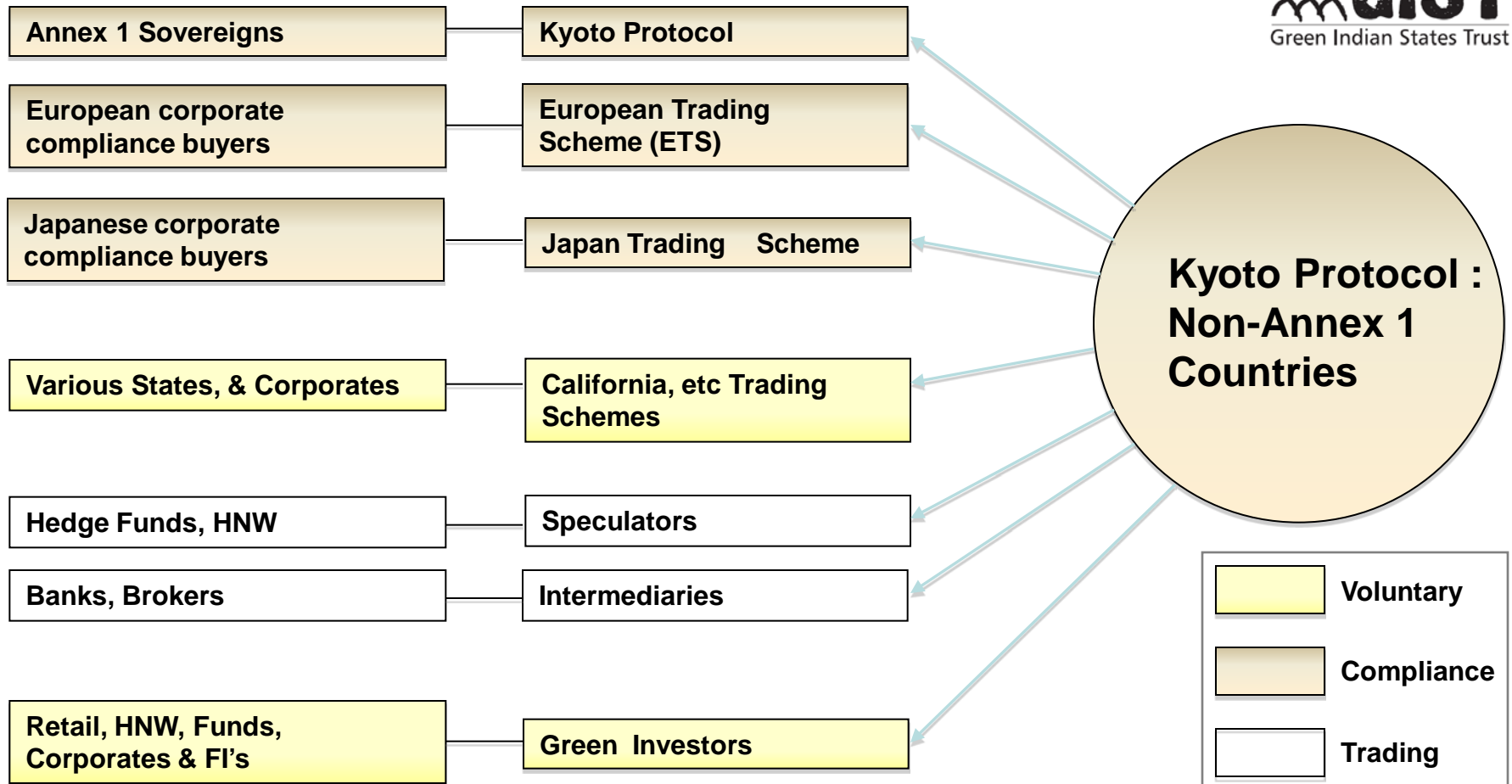
Co-benefits : Mechanism ?? Markets ?? Demand ???



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Carbon Credits Demand ...





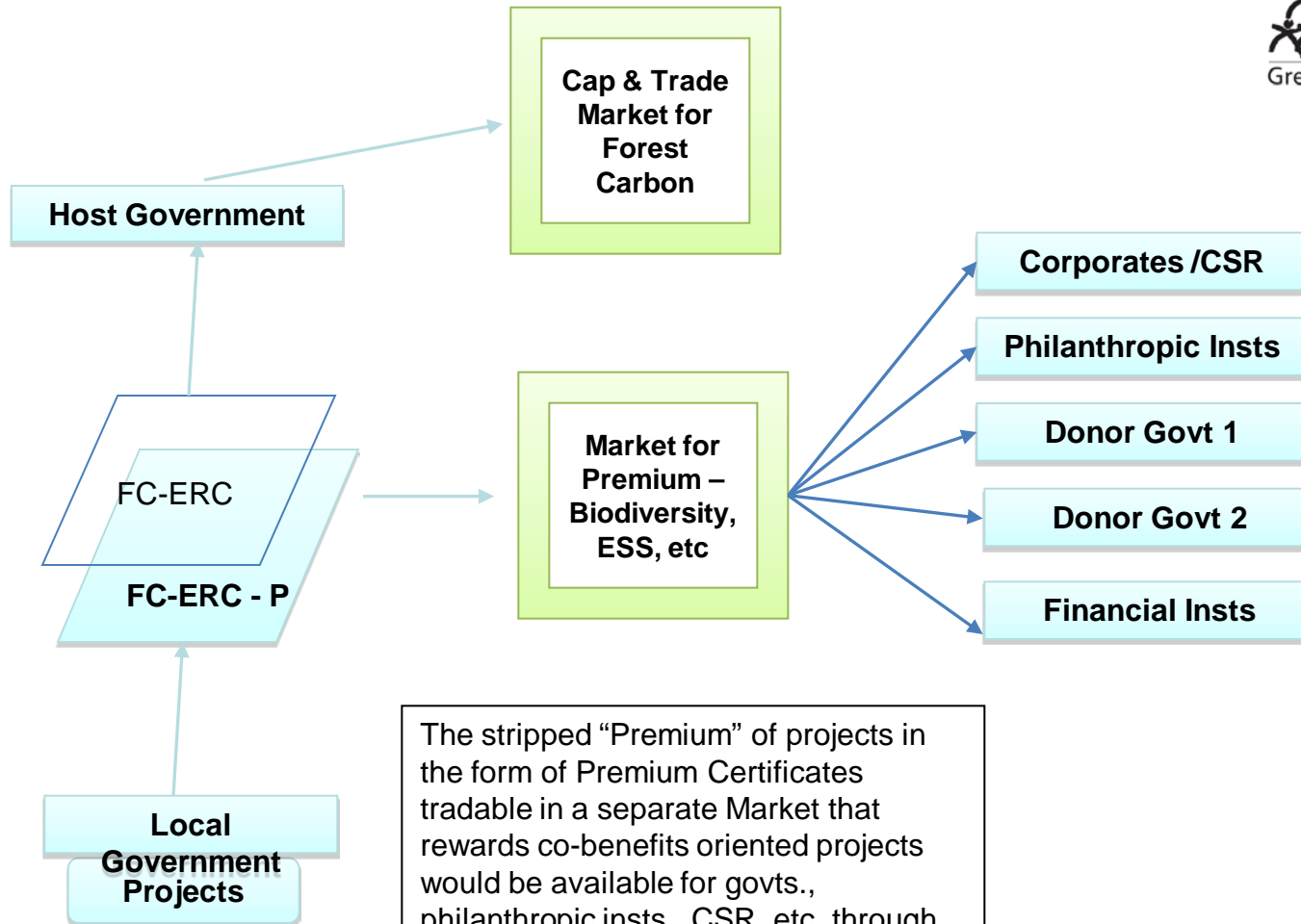
Who are the possible buyers for “Co-Benefits” Credits?

- **Existing Compliance Buyers ?** ▶ Unlikely ... “Kyoto-2” does not cover Ecosystem Services other than Carbon Storage & Sequestration
- **New National Compliance Markets ?** ▶ Possible ... but needs visionary leadership in some National governments
- **Voluntary Corporate Governance Buyers ?** ▶ Likely... Corporates would find this a powerful “CSR” model : “win-win” solution to indigenous peoples poverty and forest bio-diversity
- **Philanthropic Buyers ?** ▶ Certain... HNW and Foundations are waiting for such a product ; small “NGO-NGO” pilots have begun
- **A New Class of “Green Funds” ?** ▶ Likely... but needs model ‘returns’ proven (forest land values : Kyoto-II storage, eco-tourism, estates, etc) & also needs marketing to end-investors

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Phase 3 (REDD+) Adjunct Market for Premium FC-ERCs



The stripped “Premium” of projects in the form of Premium Certificates tradable in a separate Market that rewards co-benefits oriented projects would be available for govts., philanthropic insts., CSR, etc, through the Clearing House Fund.



- **REDD+ Challenges**

- Clarity “Slicing the \$ 3.5 billion cake”...
- Rapid In-Country Capacity Building (Legal Capacity, MRV Capacity, NSAP, Political Capacity / Development Agenda)
- Mechanism Structuring (Beneficiary tiers ; Eligibility criteria ; Phases ; Fund Structure ; Market Microstructure)
- Financing (Adequacy, Predictability, Sustainability)
- Exorcism (Fungibility ; Flooding ; Baselines)



- **REDD+ Design Principles**

- “Prong 2” (Subsume into UNFCCC)
- “3-Tier Eligibility Criteria” (Project, Local Govt, Sovereign)
- “Open Architecture” (Clearing House Fund) (Ledger...)
- “Negotiated Reference Levels”
- “Co-Benefits” (Biodiversity, Freshwater, Livelihood Improvements : Marketable Adjunct Certificates)
- “Landscape Approach”
- “Sell Side Strategy” (Integrate with Development Plans, NBSAP’s)
- “Buy Side Strategy” (Carbon Pricing Strategy, and Limited Offsets, for “sustainable” financing)



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Main TEEB funders:



Thank You !

For more information
www.teebweb.org