



Financing jurisdictional REDD+: context & sources

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Outline

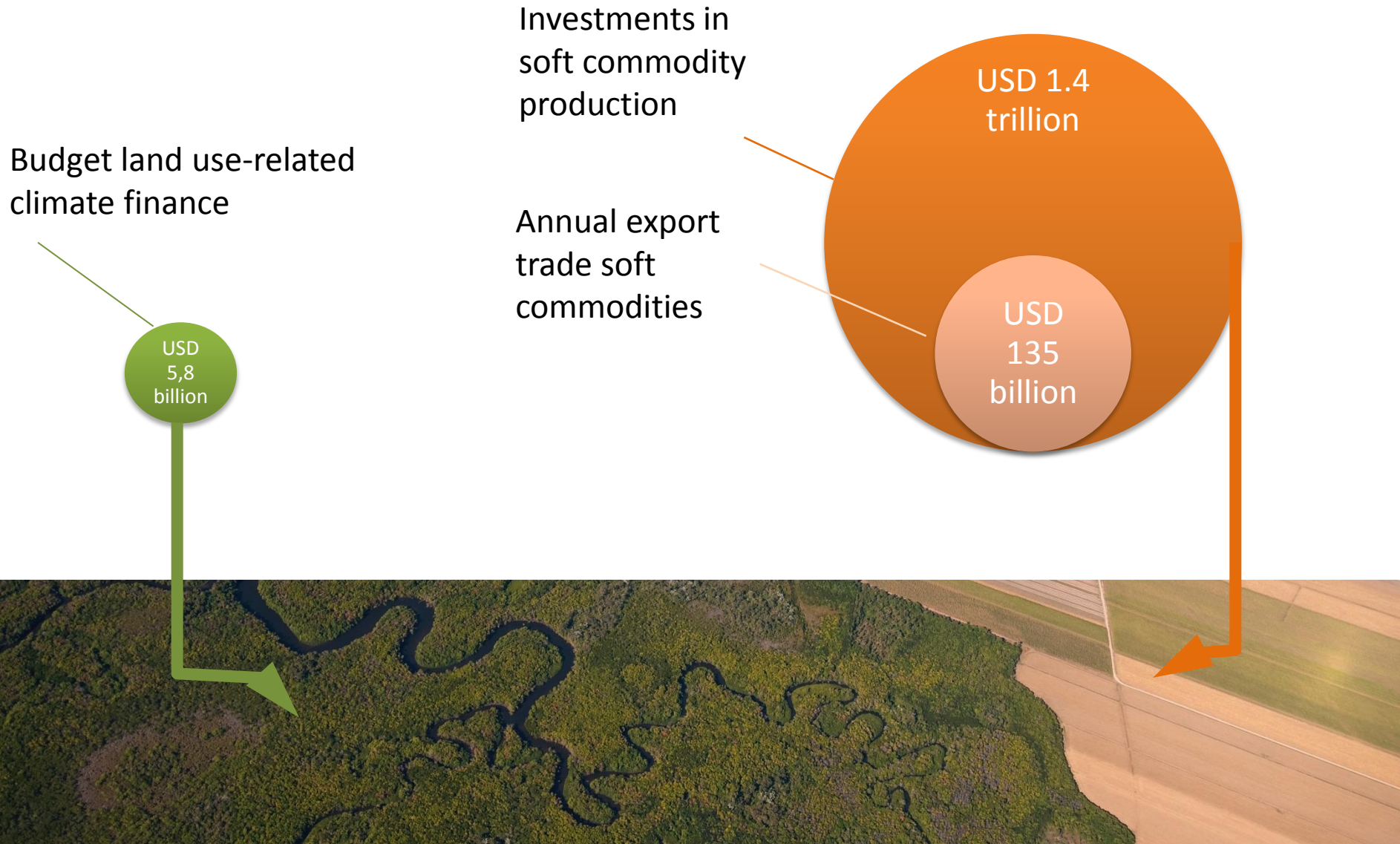
1. Context I: Broader financial landscape
2. Context II: Financing sources across different phases of REDD+
3. Country examples
4. Moderated plenary discussion





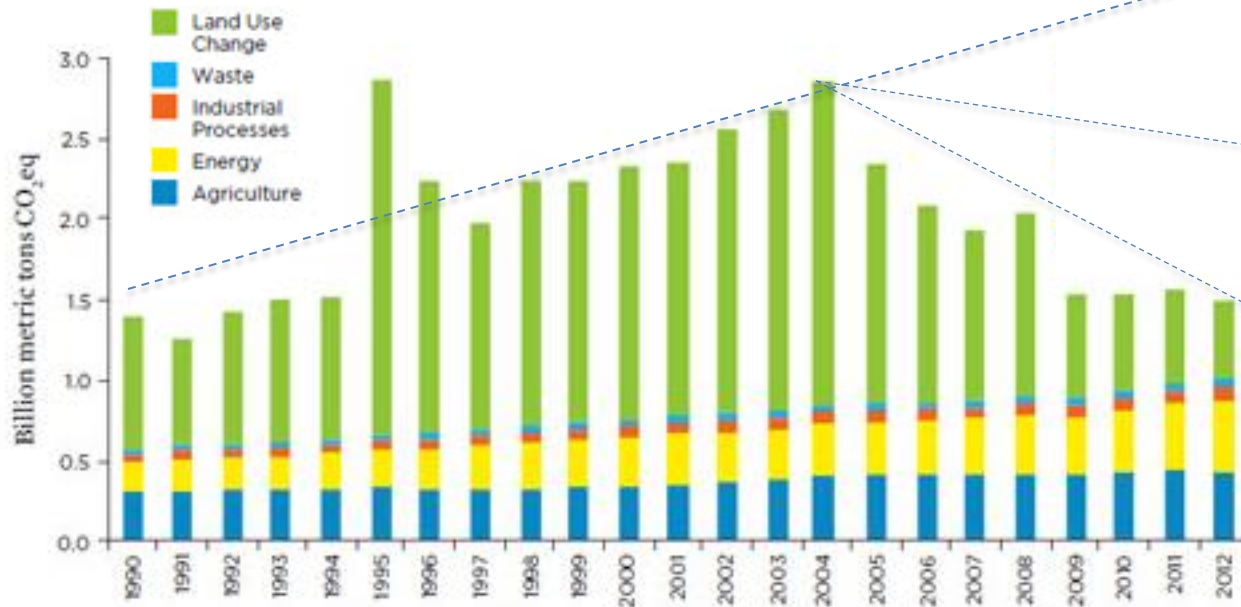
Context Part I: Broader financial landscape

Financing jurisdictional REDD+ in context



Brazil's efforts to reduce deforestation

- Finance played key role directly and indirectly
- Reduction deforestation: 27,000 km² in 2000 to 5,000 km² in 2011
- Avoided loss ≈ **62,000 km²**.
- ≈ 2.3 billion tonnes CO₂ avoided
- ≈ 131 coal-fired power plants... over 5 years



Actions, policies & measures:

≈ 62,000 km² or 50% of total
Reduction in deforestation

1. Action Plan for the Prevention and Control of Deforestation

- Cooperation federal, state, municipal
- Stricter & better monitoring
- Better collaboration Gov agencies

2. Two Presidential decrees

Legal basis to tackle deforestation

3. Central Bank Resolution

Constraining rural credit to farmers;
≈ US\$ 1.4 billion not contracted
prevented deforst 2,700 km² (15%)

Falling agricultural prices

≈ 62,000 km² or 50% of total
reduction in deforestation



Context Part II: Financing sources across different phases of REDD+

Phase 1: REDD+ Readiness

Phase 2: Implementation (results-based actions)

Phase 3: Achieving results (results-based payments)

1. Understand the problem & solution

Identify drivers of deforestation & forest degradation (DDFD): **private sector engagement**

Deforestation, degradation, increase in forest carbon emissions, loss of livelihoods



2. Taking action

Implementing policies and measures (PAMs) that address DDFD: **incentives** (e.g. taxes, subsidies, laws) to **change behaviour**

Commercial agriculture

Subsistence agriculture

Mining

Urban expansion

Livestock grazing

Fuel wood / charcoal

Facilitate corporate zero-deforestation pledges

Financial incentives smallholders

Net reduction forest impact mining companies

Sustainable urban expansion

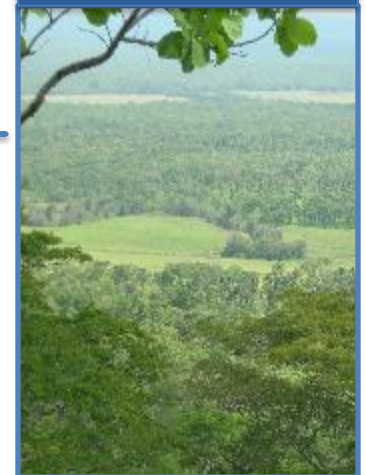
Alternatives for livestock grazing

Availability alternative forms energy (e.g. clean cook stoves)

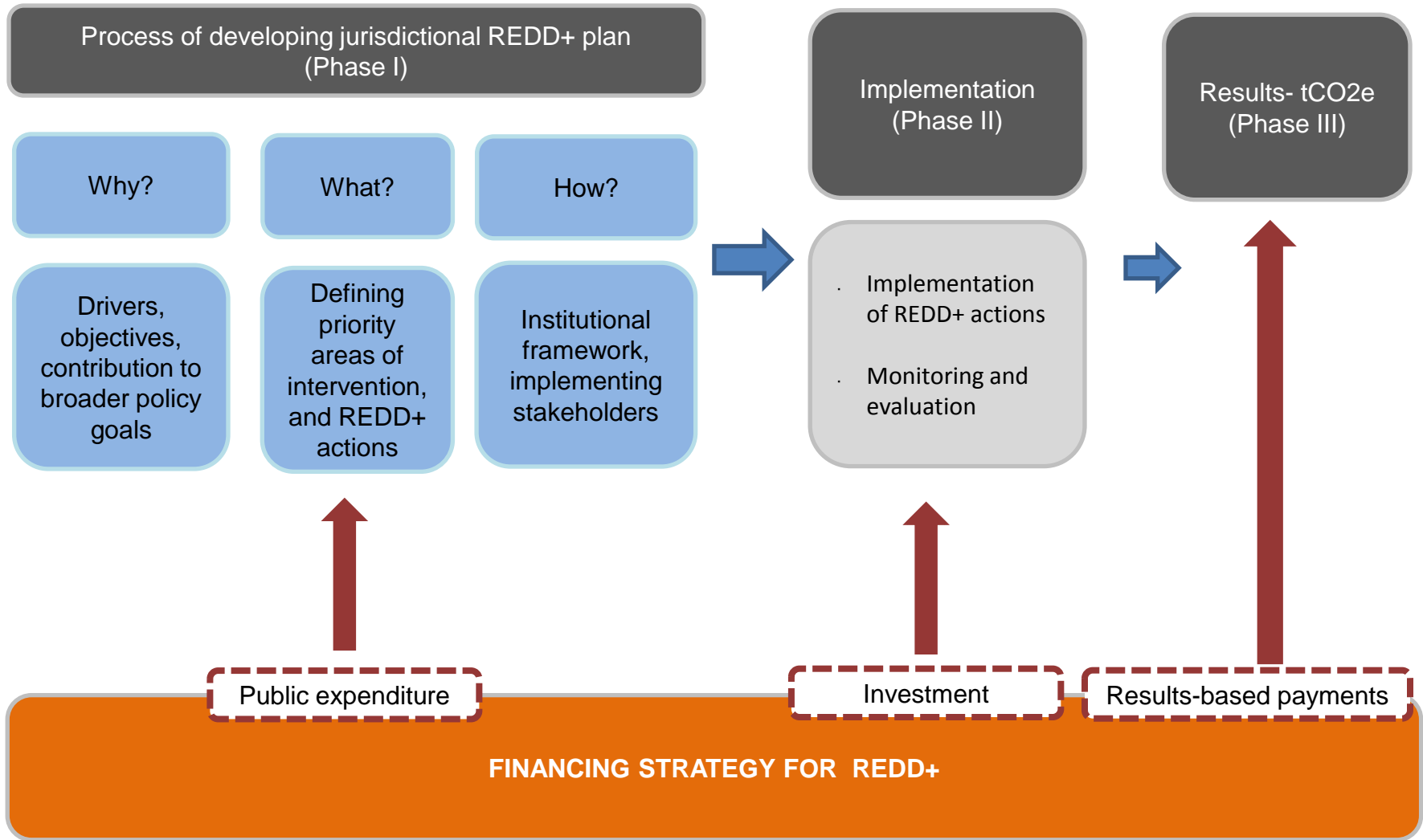
3. Payments for results

Reduction or removal forest carbon against FRL/FREL (UNFCCC process): **public funding** (RBF/RBP)

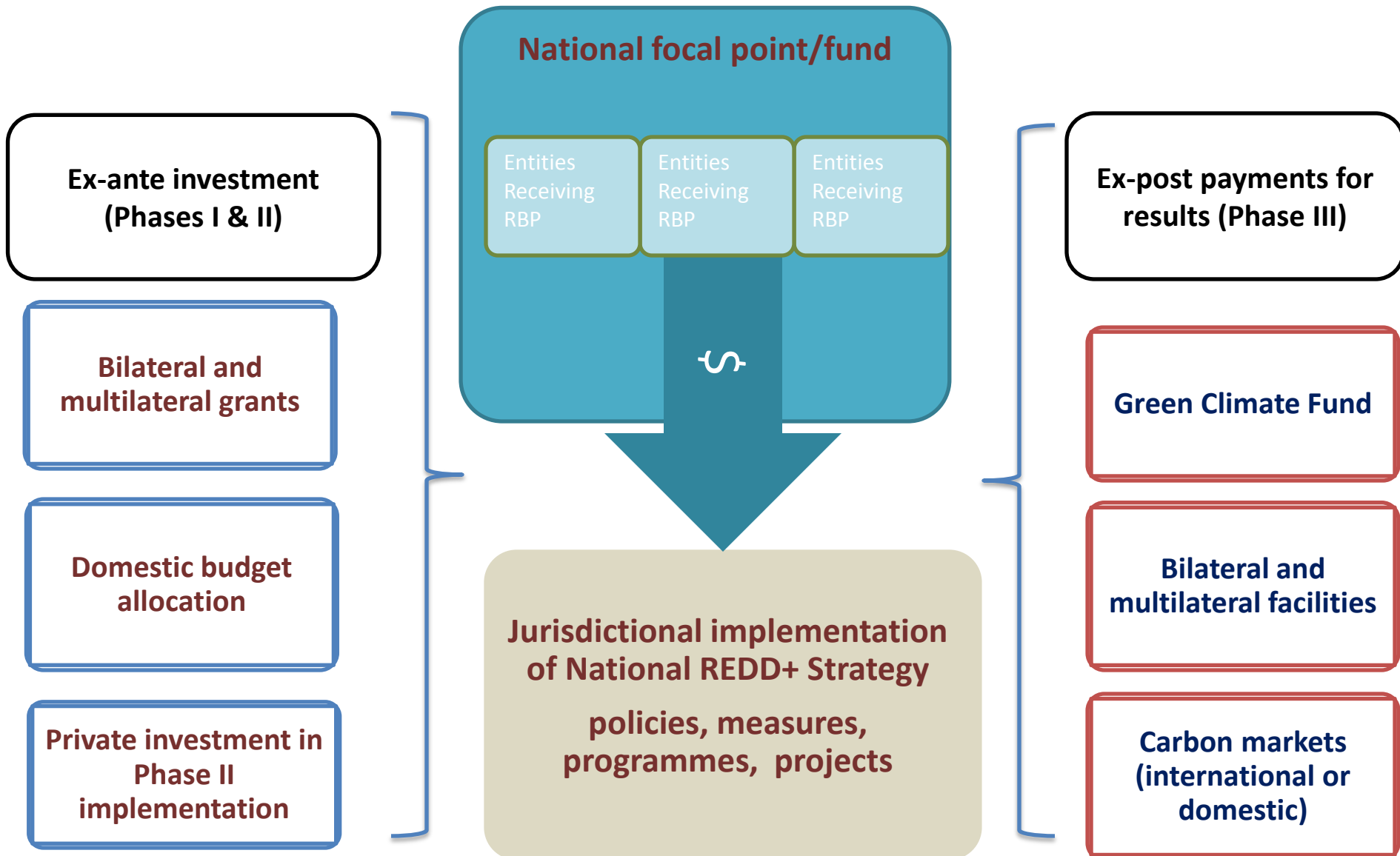
Increase forest cover, rehabilitation degraded land, etc



REDD+ finance in the broader jurisdictional process



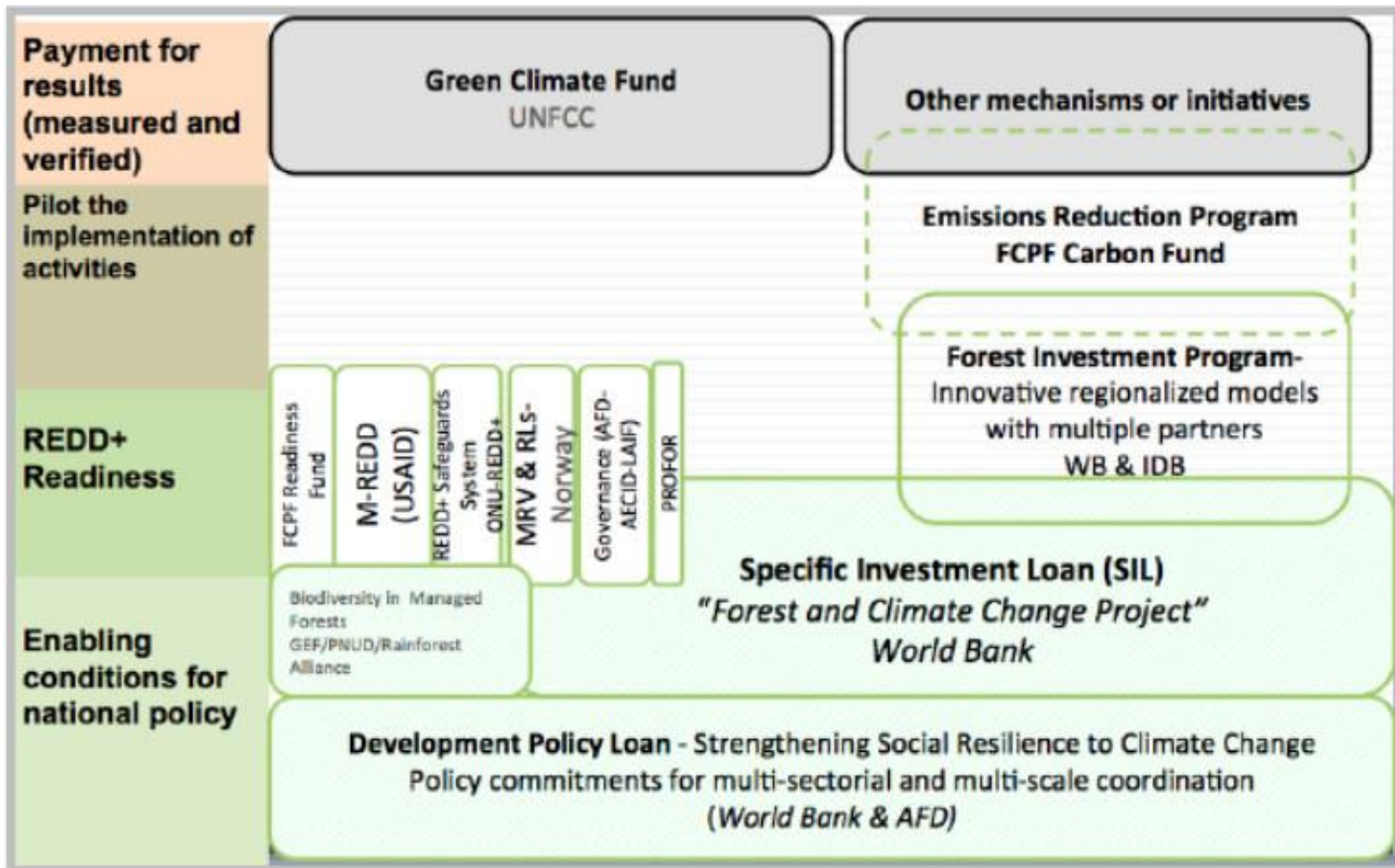
Possible sources of finance





Context Part III: Examples of jurisdictional REDD+ financing

Mexico: financing transition to a sustainable rural economy



Mato Grosso – Produce, Protect, Include Plan



To produce



To keep



Include

- Increase productivity across the state; maintain forest cover and reduce deforestation - effective implementation of all actions would reduce 6.6 gigatonnes of CO₂e by 2030
- PPI Corporate Action Group set up to support engagement of the private sector – committing to sourcing from PCI projects or funding their implementation
- Althelia Climate Fund has invested €11.5 million in a PCI partner for sustainable cattle ranching and production of guaranteed deforestation-free beef
- Carrefour and IDH working to develop a plan for 2030 “zero-deforestation” meat production in the state, supporting local farmers to access technical assistance and credit

Central Kalimantan – Green & Clean Province Programme

- Consists of three elements: 1) planning and implementation; 2) funding and incentives; 3) evaluating performance
- Funding and incentives: connecting domestic and international, public and private financing for activities
- Key lessons:
 1. ability of jurisdictional government to work with industry depends on national legislation and fiscal transfer mechanisms
 2. need for a fiscal reform agenda – e.g. land value tax - that stimulates green incentives for sustainable land-use practices
 3. private finance is critical to transition to green economy, investments need to target activities with positive RRI, e.g. green rubber



Thank you!

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