

Press release

New report calls for US\$12bn boost for pre-2020 emission reductions from forests and land use

Demand for emission reductions only 3% of supply from 2015 to 2020; urgent stimulation needed through government and private sector intervention

31 January 2014, Oxford, UK: A new report from the Interim Forest Finance Project – a collaboration of the Global Canopy Programme, the Amazon Environmental Research Institute, Fauna & Flora International, and UNEP Finance Initiative - reveals that demand for REDD+ emission reductions could be as little as 3% of the supply between 2015 and 2020. The report explains the risks of doing nothing, and outlines a suite of options for increasing demand.

If global deforestation levels are to be reduced by 50% by 2020, as much as 9,900 MtCO₂ of emission reductions from forests and land use activities will need to be generated between 2015 and 2020. This can be achieved through a combination of measures taken by tropical forest countries, some using domestic resources, and others incentivised by REDD+ payments from developed country governments.

The report shows, however, that currently the total potential demand for REDD+ emission reductions from 2015 to 2020 stands at around 253 MtCO₂, meaning that REDD+ will contribute less than 3% of the emissions reductions needed before 2020 in order to reach the 2020 deforestation reduction target. This could leave tropical forest countries struggling to find ways of achieving the remaining 97%.

If REDD+ is to play a significant role in incentivising a reduction in deforestation in tropical forest countries, it needs to provide far more than 3% of demand for the emission reductions that are causing deforestation and degradation.

Nick Oakes, Finance Programme Manager, Global Canopy Programme said “Reducing emissions from deforestation and degradation between 2015 and 2020 should be a strategic priority for governments, given that emissions from this sector, according to the recent IPCC report, are the second largest.”

“However, large-scale demand for REDD+ emission reductions is expected to materialise only after a global compliance market comes in to existence, under the auspices of UNFCCC, in the year 2020. Right now, however, there needs to be large-scale demand for REDD+ emission reductions before 2020, otherwise the gap will continue to grow between supply and demand.”

Ignoring this gap, argue the report's authors, will leave little incentive for tropical forest countries to divert resources towards REDD+ in the period before 2020, or for the private sector to invest in REDD+ projects.

To avoid these risks, the report advocates that donor country governments, tropical forest country governments and public financial institutions work together to provide incentives, finance and technical assistance to fill the gap between the supply and demand for REDD+ emission reductions.

It estimates that these measures would need to stimulate a transaction value (comprising public and private sector demand) of up to US\$12 bn in order to allow REDD+ to contribute 25% of emission reductions from forests and land-use activities - a proportion that would allow REDD+ to play a key role in limiting climate change to 2 degrees Celsius.

The report outlines a suite of options for generating capital, as well as options for providing the incentives, finance and technical assistance, such as entering into contracts to buy REDD+ emission reductions, setting price floors for REDD+ emission reductions or providing concessional loans. It also outlines the possible implementing institutions, such as existing multinational funds (e.g. the Forest Carbon Partnership Facility's Carbon Fund), or new public private partnerships.

To read the full report, please visit

http://www.unepfi.org/fileadmin/publications/general/IFF_Report_-_Stimulating_Interim_Demand_for_REDD_Emissions_Reductions.pdf

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Notes to editors

Key figures:

- **50%:** the target reduction in the deforestation rate proposed by the European Commission in the absence of a global target agreed by all countries, to be achieved by 2020
- **3,300-9,900 MtCO₂e:** the estimated range of emissions reductions that will need to be generated from all tropical forest and land-use activities from 2015 to 2020, if the 50% target is to be met.
- **253 MtCO₂e:** the current total potential demand for REDD+ emission reductions from 2015 to 2020
- **3%:** the amount of forest and land-use emission reductions from 2015 to 2020 that would be covered by current demand for REDD+
- **97%:** the amount of tropical forest and land use emission reductions from 2015 to 2020 that would need to be paid for through means other than an international REDD+ payment mechanism

- **2475 MtCO₂e**: the amount of emission reductions that would need to be covered by REDD+ from 2015 to 2020 if REDD+ were to be used to achieve 25% of all forest and land use emission reductions (instead of just 3%).
- **US\$4-12 bn**: the dollar value of transactions between REDD+ credit buyers and sellers in order to channel 25% of all tropical forest and land-use emission reductions through an international REDD+ payment mechanism.
- **25%**: The report uses 25% as an example of the supply of forest and land use emissions that may be paid for through an international REDD+ payment mechanism, illustrating how REDD+ can play a significant role in incentivising a reduction in deforestation and degradation whilst not disincentivising domestic abatement in industrialised countries.

About

The Interim Forest Finance project (IFF)

The Interim Forest Finance (IFF) project is a collaborative initiative of the Global Canopy Programme (GCP), the Amazon Environmental Research Institute (IPAM), Fauna & Flora International (FFI), and the UNEP Finance Initiative (UNEP FI).

The project advocates a strategic intervention by donor country and tropical forest country governments, and public financial institutions, to scale up public and private sector demand for REDD+ emission reductions, in the interim period between 2015 and 2020.

The first phase of the project was composed of desk-based research and stakeholder consultations. The second phase is a campaign to secure an agreement from donor country governments, tropical forest country governments, and public financial institutions on the need to scale up demand in the interim period, and then to facilitate the creation of a strategic intervention to achieve this.

REDD+

REDD+ is a mechanism, under the United Nations Framework Convention on Climate Change, to reduce emissions from deforestation and forest degradation and to enhance forest carbon stocks. REDD+ stands for Reduced Emissions from Deforestation and Degradation (REDD), conservation of forest stocks, sustainable management of forests and enhancement of forest carbon stocks (REDD+).

The Global Canopy Programme (GCP)

The Global Canopy Programme (GCP) is a tropical forest think tank working to demonstrate the scientific, political and business case for safeguarding forests as natural capital that underpins water, food, energy, health and climate security for all.

GCP works through its international networks – of forest communities, science experts, policymakers, and finance and corporate leaders – to gather evidence, spark insight, and catalyse action to halt forest loss and improve human livelihoods dependent on forests. The Global Canopy Programme is a registered UK charity, number 1089110. www.globalcanopy.org

The Amazon Environmental Research Institute (IPAM)

The Amazon Environmental Research Institute (IPAM) is a non-profit, independent research, policy and outreach organization that has worked over the past 16 years towards achieving sustainable development in the Amazon region in a way that reconciles people's economic aspirations and social justice with the maintenance of the functional integrity of tropical forest landscapes. www.ipam.org.br

Fauna & Flora International (FFI)

Fauna & Flora International (FFI) is a biodiversity conservation organisation working in more than 40 countries around the globe, mostly in the developing world. Our vision is a sustainable future for the planet, where biodiversity is effectively conserved by the people who live closest to it, supported by the global

community. Founded in 1903, FFI is the world's longest established international conservation body and a registered charity. www.fauna-flora.org

UNEP Finance Initiative (UNEP FI)

The United Nations Environment Programme Finance Initiative (UNEP FI) was established in 1992 as a partnership between policy makers and financial intermediaries. With over 200 members representing banks, insurers, and investors from around the world, UNEP FI contributes the perspectives of financial institutions to the United Nations and global activities on sustainable finance. UNEP FI's mission is to bring about systemic change in finance to support a sustainable world by "Changing finance, financing change".

www.unepfi.org