Economic considerations in REDD+ implementation

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• Findings of an economic study on REDD+ projects
• Economic considerations in national REDD+ strategies/focus
• Impacts
• Recommendations
Economic considerations in REDD+ projects

• Lack of proper economic calculations
• High upfront costs
  • Tenure and community involvement
  • Slow rate of return
• Un-certainty about how much has been invested (USD105,000-41,400,000)
• Mix of investors but philanthropic objectives
• Carbon credits a secondary source of income (carrot)
• Fluctuation in prices major concern
Economic considerations in national REDD+ strategies/work

- Mentioned but minimal participation of the private sector
- Little focus on supply chains and private sector enabling conditions
  - Contractual issues, timber/charcoal trade
- Little considerations for cost/benefits of proposed actions
  - Little consideration for finance sources
  - No forecast of revenues
- Little focus on building alternative sources of revenue and economic activity
Impacts

• Un-certainty about global negotiations and national REDD+ frameworks
• High risk perception => high discount rates
• Lower price for REDD+ ERs
• More attractive investment objects
Recommendations

- Early considerations/inclusion
- Public-private partnerships (e.g., AMC)
  - Sharing of risk (market or implementation)
- Nested approach (national but tangible)
- Carbon to be considered as part of other larger revenue source
- Inclusion of other REDD+ related opportunities (timber, charcoal/fuelwood, stoves, agriculture) in REDD+ strategies/projects
- Inclusion of economic considerations in REDD+
  - Financial analysis and documentation
  - Support for both project developers and NRTFs
  - Enabling conditions (lowering the risk)
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Thank You

Website: http://www.un-redd.org