



## Conservation, Restoration and Sustainable Use of Natural Carbon Sinks – REDD+

### REDD+ is a crucial strategy to keep global warming below 2°C

Globally, forests are the biggest terrestrial carbon sink. Their destruction and unsustainable use cause major greenhouse gas emissions which contribute considerably to global climate change. Currently, forest loss is particularly severe in tropical developing countries – mainly due to the rising global demand for agricultural and livestock products such as soy, palm oil, coffee, cocoa, rubber, meat and leather. Halting deforestation and restoring forests as set out by the Bonn Challenge which aims to restore 150 Mio ha until 2020 can contribute considerably to the mitigation of CO<sub>2</sub> and keeping global warming below 2°C.

A concept to reduce emissions from deforestation and forest degradation in developing countries, including forest conservation, sustainable management of forests and enhancement of forest carbon stocks (REDD+) has been adopted under the United Nations Framework Convention on Climate Change (UNFCCC). By providing financial incentives for reported and verified emissions reductions from forest conservation and sustainable use, REDD+ can play an important role in halting deforestation. Over half of the countries that have submitted Nationally Determined Contributions (NDCs) that include forests in their contribution.

Tackling deforestation at the root cause means also identifying workable socio-economic and financial solutions for tackling the drivers of deforestation. Consequently, REDD+ activities need to be managed in view of the related complexity of heterogeneous interest groups in various institutional settings, while respecting social and environmental

safeguards. The creation of appropriate technical, legal, financial and institutional conditions to reduce forest carbon loss needs to be embedded in a national REDD+ strategy and a sound governance framework.

### REDD+ in the International Climate Initiative

The International Climate Initiative (IKI) by the Federal Environment Ministry (BMUB) provides support for projects that aim to conserve, restore and sustainably use forests as well as ecosystems such as wetlands and savannahs. Within the context of REDD+, the IKI carefully targets its support for partner countries to practically implement ambitious national REDD+ policies and strategies. Through activities in this funding area, important synergies between climate- and biodiversity protection are created while main drivers of deforestations are identified and partners are supported to develop counter-action strategies.

Since 2008, the IKI has been financially supporting projects which contribute to the conservation, restoration and sustainable use of forests worldwide. Up to now, the IKI has supported over one hundred projects with a total funding volume of more than 350 million Euros – positioning BMUB as a major global REDD+ donor.

Project examples range from the support for the development of regional monitoring, reporting and verification (MRV) systems, data generation and capacity building to developing decision-support tools for reference level establishment. Starting off with readiness support the portfolio



## PROJECT EXAMPLE - Results-based financing<sup>1</sup> Unlocking Forest Finance (Global Canopy Programme)



broadened over time and included the transformation towards deforestation free business models, the restoration of forest landscapes and leveraging private investment that protect and restore forests at landscape level.

Forest landscape restoration enhances ecosystem resilience and biodiversity conservation and reduces social and economic vulnerabilities of forest-dependent people, secures livelihoods and creates new “green jobs”. So far BMUB fostered through its IKI projects for forest landscape restoration (FLR) and is supporting the Bonn Challenge with about 120 million euros.

Another important focus of the IKI has also been the support of REDD+ “phase 3” where payments for verified avoided deforestation are carried out and effective benefit-sharing systems guarantee that all involved stakeholder groups will receive a portion of the payments (see project example below).

The IKI projects cover a wide range of countries in South America, Southeast Asia, Africa as well as Oceania and involve a broad variety of international NGOs, governmental agencies, research organisations, private industry, indigenous peoples and other local stakeholder groups. Lessons learned from these projects are widely disseminated and also provide valuable impetus for the international climate negotiations and national and regional strategies on REDD+.

Unlocking Forest Finance (UFF) – a project that focuses on the Amazon region – offers decision-makers at state and province level in Peru and Brazil support needed to implement REDD+. With the help of financial analyses and land-use models, it demonstrates economic and environmental consequences of different forms of land-use. The economic benefits of ecosystems are assessed and, inter alia, the value of the stored carbon is determined. At the same time, the capital costs and earnings associated with various forms of use and their environmental impact are modelled. Provincial governments, together with scientists, financial analysts and the implementing institutions are jointly developing alternative low-carbon land-use pathways as a basis for optimized strategies to protect forest resources and to provide livelihoods on the basis of sustainable agriculture.

The project’s findings show, that currently common land-use practices to create agricultural land, such as large-scale forest clearing, are not only damaging the climate but are also detrimental to sustainable economic development, for example due to the financial loss incurred when forest functions such as water regulation and erosion protection are lost. Moreover, missed opportunities from alternative sources of income, such as tourism, have a greater impact in the long term than short-term profits from forest clearance. Therefore, the project partners identify sustainable, climate-friendly types of land-use, for example using optimized agricultural methods to improve yields or reducing the amount of land needed. Furthermore, innovative financing mechanisms designed to make REDD+ equitable and affordable are being tested in cooperation with the private sector. The project has already shown its practical relevance: in Brazil, the government of Mato Grosso has used UFF’s data and results to define their Sustainable Development Strategy. In Peru, the government of San Martin has a nearly final investment plan that has attracted informal backing and an investment pledge estimated at US Dollar 14.5 million to finance low-carbon land use alternatives.

<sup>1</sup> Finance for projects that deliver verified emission reductions (VERs) as envisaged in phase III (results-based actions) of the REDD+ implementation framework.

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