



Financing Blue Carbon: Lessons from the REDD+ Experience

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International Blue Carbon Policy Working Group
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10-11th January, 2012
European Parliament
Brussels

Based on work with Linwood Pendleton, David Gordon, Britta Victor
(and many of you...)



Our Reports



NICHOLAS INSTITUTE REPORT

Green Payments for Blue Carbon Economic Incentives for Protecting Threatened Coastal Habitats

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April 2011



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Financing Options for Blue Carbon Opportunities and Lessons from the REDD+ Experience

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December 2011



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NICHOLAS INSTITUTE REPORT

State of the Science on Coastal Blue Carbon A Summary for Policy Makers

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May 2011

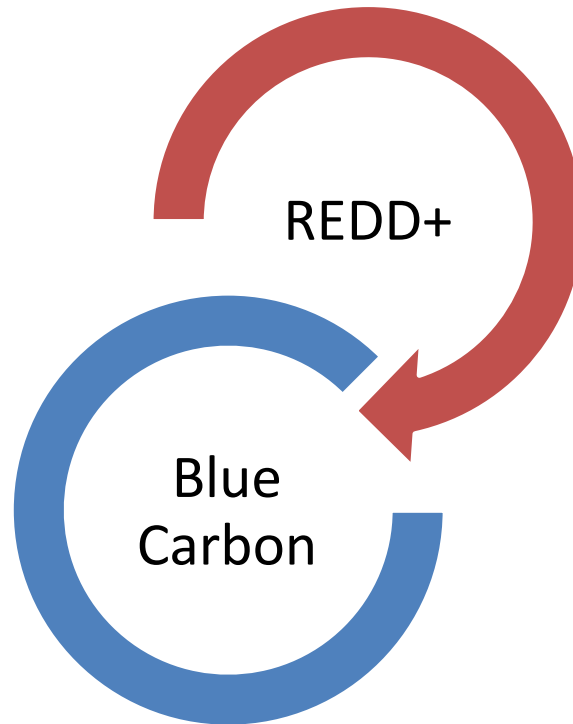


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Why analyze REDD+ for Blue Carbon Financing?





Following the Money: REDD+

Planning and Institutional Capacity Building

- \$1,609 million committed

Pilots and Projects

- \$234 million committed

Verified Emissions Reductions

- Approx. \$97.5 million in voluntary credits sold



Table 1. Climate-related funds and allocations^a

Fund	Source	Pledged (\$ mil)	Currently committed ^b (\$ mil)	Remaining funds (\$ mil)	Committed to REDD+ (\$ mil)	REDD+ planning (\$ mil)
BioCarbon Fund	World Bank Carbon Finance Unit	90.4	30.5	59.9	2.66	0
Forest Carbon Partnership Facility (Readiness)	World Bank Carbon Finance Unit	232	105	127	105	105
Forest Carbon Partnership Facility (Carbon Fund)	World Bank Carbon Finance Unit	215	0	215	0	0
Forest Investment Program	Climate Investment Funds	577	420	157	420	420
International Forest Carbon Initiative	Australian Government	283.06	103	179.92	81.05	19.95
Congo Basin Forest Fund	Norway and England	156	93.85	50.14	93.85	4.3
UN-REDD Programme	UN	98.26	63.68	34.58	63.68	63.68
GEF Trust Fund	GEF	14,481	9,768	4,713	105	105
LDCF	UNFCCC	324	153	151.5	N/A	12.24
Adaptation Fund	Kyoto	249.92	75.35	174.57	N/A	N/A
Amazon Fund	Norway and Germany	1,027.93	140	887.93	133.3	60
International Climate Initiative	Germany	1,764	506.1	1,257.90	43.82	36.96
Hatoyama Initiative	Japan	15,000	6,300	8,700	158	158
International Climate and Forest Initiative	Norway	1,000	450	Variable	97	97



Planning and Institutional Capacity Building



UN-REDD
PROGRAMME

- Key Blue Carbon Countries Omitted
- Soil and Wetland Monitoring
Predominately Absent
- Engagement with Coastal Stakeholders
Unclear



Table 3. REDD+ readiness plans of top 25 mangrove countries

Country	Discounted mangrove mitigation potential (Mt CO ₂ /yr) ^a	FCPF: R-PP	UN-REDD	Mangrove data support	Wetland data support	Soil carbon data support	Coastal stakeholder support
Indonesia	34.1	Yes	Yes	Yes	No	Yes	Yes
Mexico	9.0	Yes	No	No	No	No	Yes
Papua New Guinea	5.1	No	Yes	Yes	Yes	No	Yes
Malaysia	4.6						
Vietnam	2.8	Yes	Yes	Yes	No	Yes	Yes
Colombia	2.5	Yes	No	Yes	Yes	Yes	Yes
Pakistan	2.3						
United States	2.2						
Guinea-Bissau	2.0						
Myanmar	2.0						
Philippines	2.0	No	Yes	Yes	Yes	No	Yes
Sierra Leone	1.9						
Gabon	1.8						
Honduras	1.8						
Madagascar	1.7	Yes	No	Yes	No	No	Yes
Senegal	1.5						
India	1.3						
Venezuela	1.2						
Panama	1.2	Yes	Yes	Yes	Yes	Yes	No
Brazil	1.0						
Tanzania	0.8	Yes	Yes	No	No	Yes	Yes
Cambodia	0.8	Yes	Yes	Yes	Yes	Yes	Yes
Ecuador	0.8		Yes	Yes	No	No	No
Nicaragua	0.7	Yes	No	No	No	No	Yes
Thailand	0.7						



Future Funding: Defining Predictability

Incorporation of blue carbon in the readiness process

Inclusion of blue carbon in future REDD+ agreements

Competitiveness of blue carbon sequestration with other activities



REDD Finance Text from Durban

Draft decision [-/CP.17] Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention

C. Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries

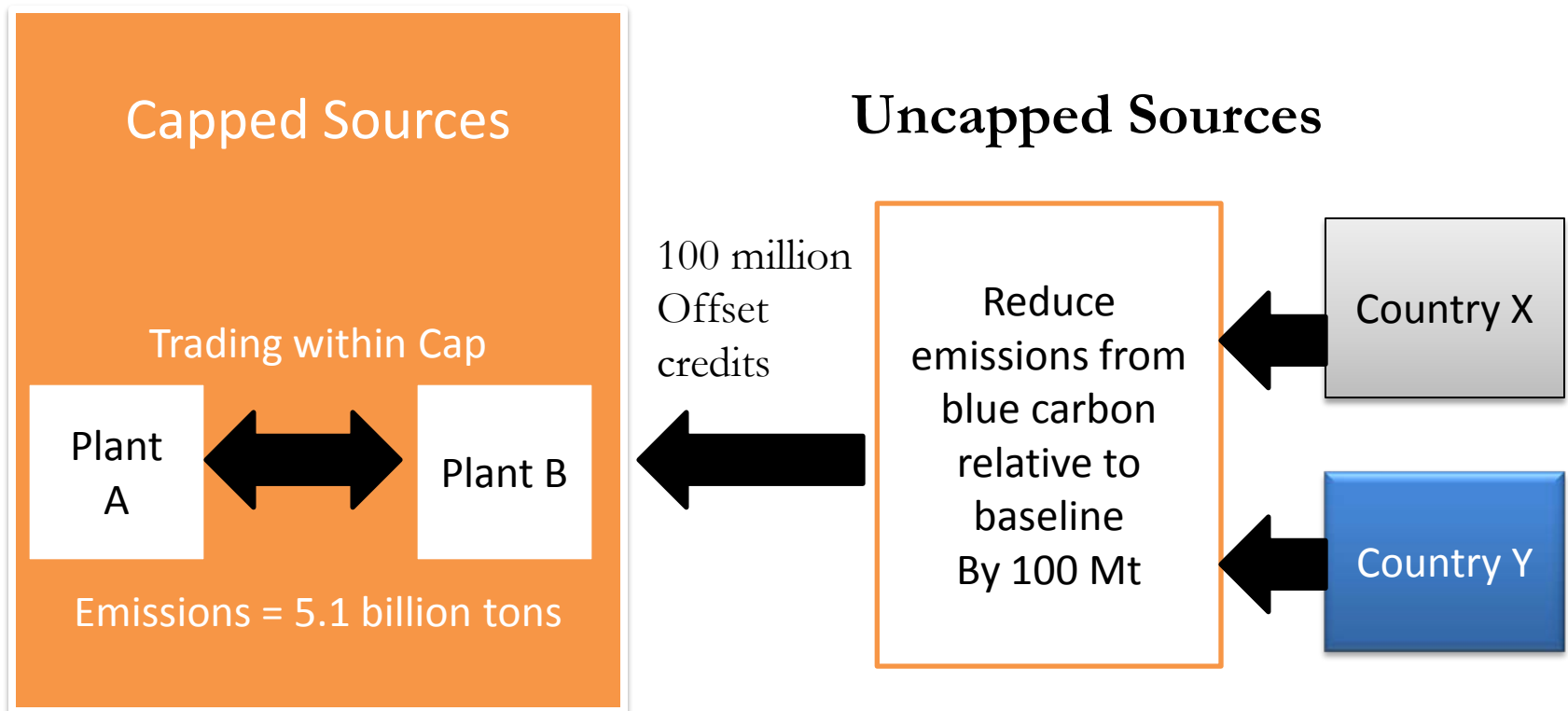
66. Considers that, in the light of the experience gained from current and future demonstration activities, **appropriate market-based approaches **could be developed** by the Conference of the Parties to support results-based actions by developing country Parties** referred to in paragraph 73 of 1/CP.16, ensuring that environmental integrity is preserved,

67. Notes that **non market based approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests as a non-market alternative that supports and strengthens governance**, the application of safeguards as referred to in decision 1/CP.16, appendix I, paragraph 2(c–e), and the multiple functions of forests, **could be developed**;



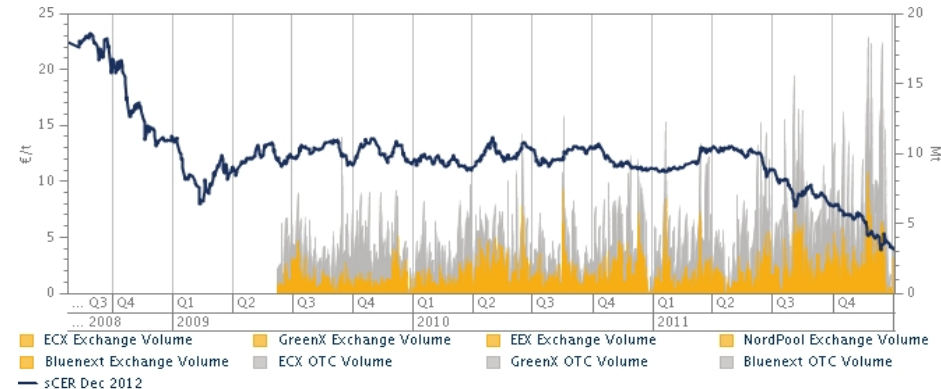
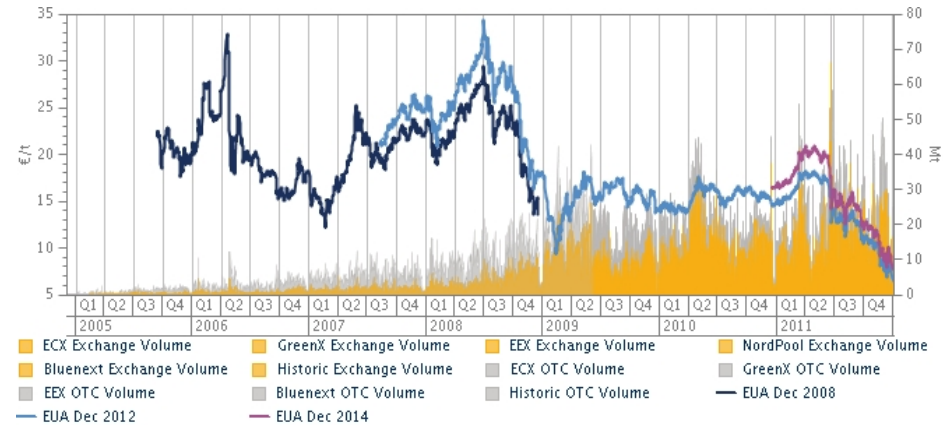
What do we mean by “market” finance?

Cap = 5 billion tons/yr CO₂





Carbon Prices Falling

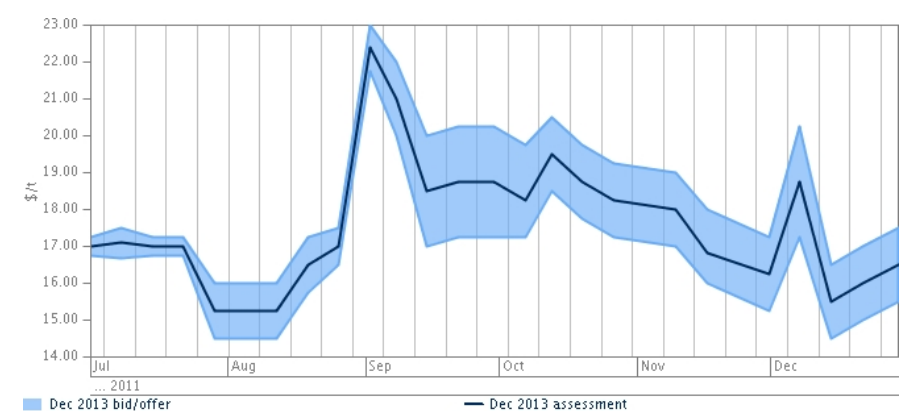


EU ETS



New Zealand

CDM



California



Environmental Finance



Good COP; Bad COP?
Hopes and fears for the Durban conference
22 November 2011 Pre-COP webinar • 10 January 2012

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Carbon forecasts slashed but analysts predict recovery



3 January 2012

Leading analysts have slashed their carbon price forecasts compared to this time last year, although all are anticipating that prices in the EU Emissions Trading System (ETS) will recover strongly from their historic lows.

Carbon prices plummeted towards the end of 2011, amid a growing oversupply of allowances in the EU ETS and the worsening eurozone crisis.

The benchmark EU allowances (EUA) futures contract started the year at €14.24 (\$18.59) per tonne of carbon dioxide, peaking at €17.42 on 2 May, but fell to a low of less than 60% of that on 19 December, when the price was €6.77.

The December 2012 futures contract at ICE futures Europe closed at €6.60 today, the lowest point for Phase II of the ETS (2008-12).

Trevor Sikorski, carbon analyst for Barclays Capital in London, said: "Given that the macroeconomic picture remains so unclear, and the risks seem so biased to the downside, it is hard to envisage anyone going long, so the upside likely rests solely with utility hedging."

He is currently forecasting an average EUA price of €10 in 2012, compared to his €18.25 estimate for 2011 prices this time last year.

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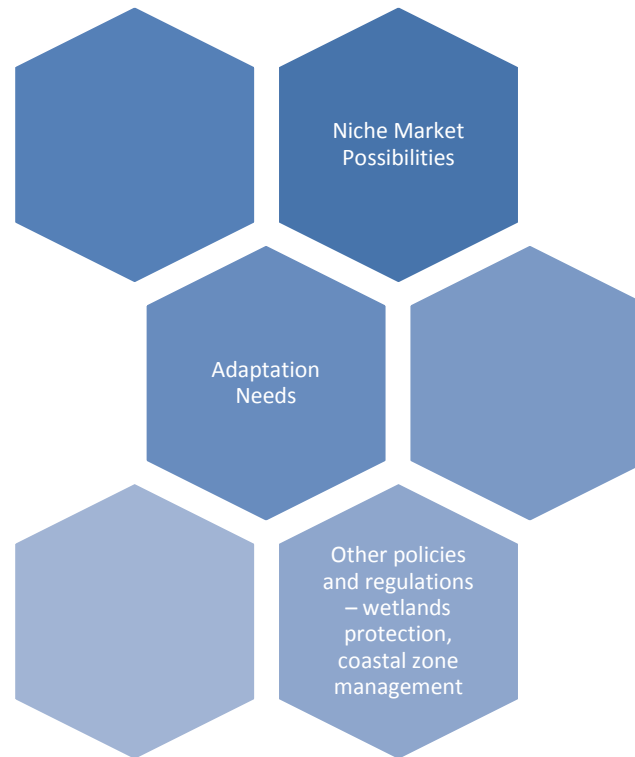
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Beyond REDD+: Tapping Blue Carbon Potential





Blue Carbon goes Viral

- UNEP Blue Carbon App using data from our compilation study

