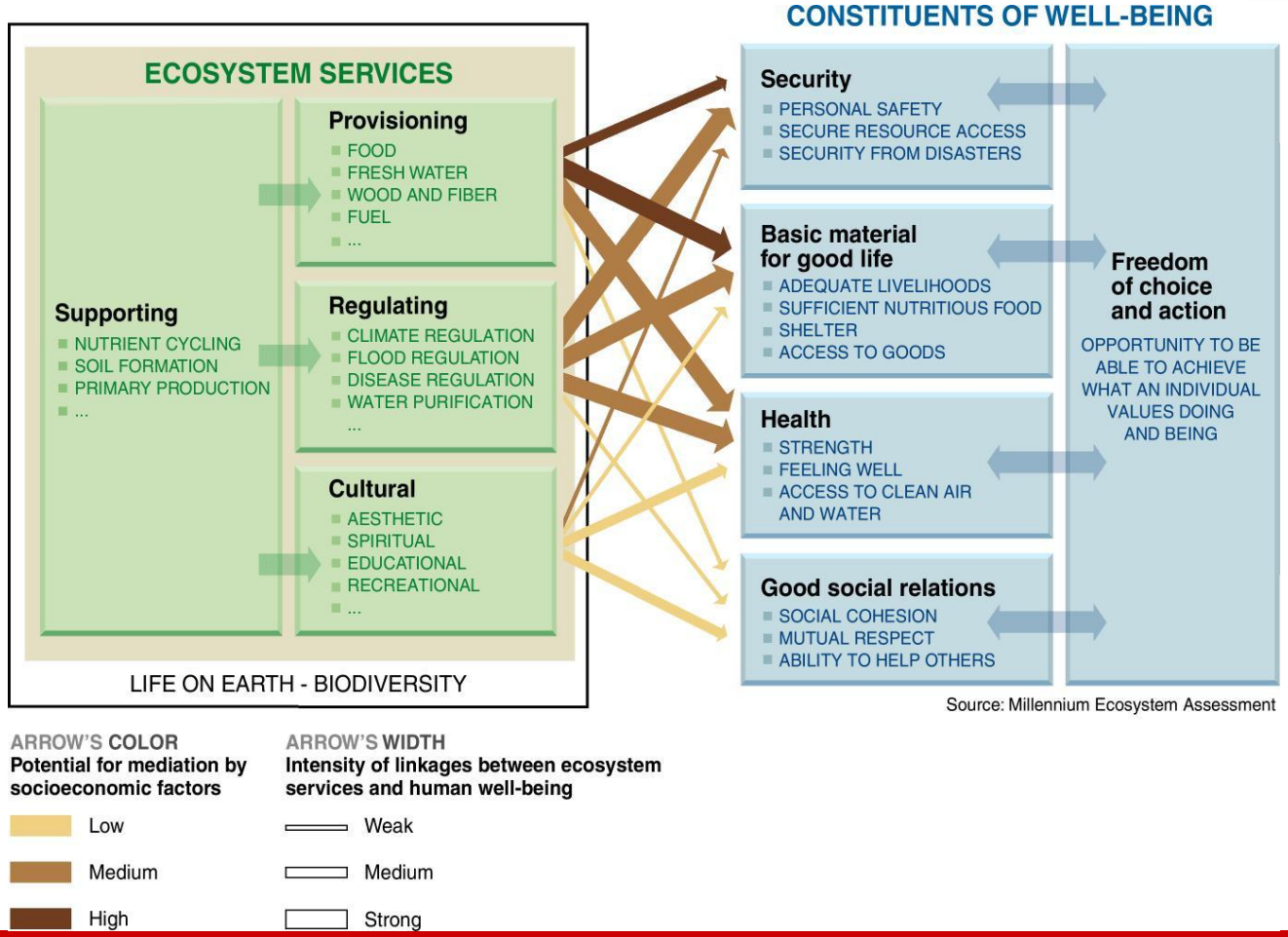
Frameworks for Reducing Emissions and Conserving Biodiversity by Avoiding Deforestation: Potential cost-sharing arrangements and mechanisms for bundling payments

David Huberman
IUCN – Economics & Environment
OECD Expert Workshop
Paris, March 26th, 2008

Outline

- Ecosystem Services
- Markets for ecosystem services
- REDD
- Institutional and financial arrangements
- Discussion

Carbon and biodiversity as ecosystem services



Where does biodiversity 'fit in' ?

MA

- Provisioning
- Regulating
- Supporting
- Cultural

Costa Rica PSA

- Carbon
- Biodiversity
- Water
- Landscape Beauty

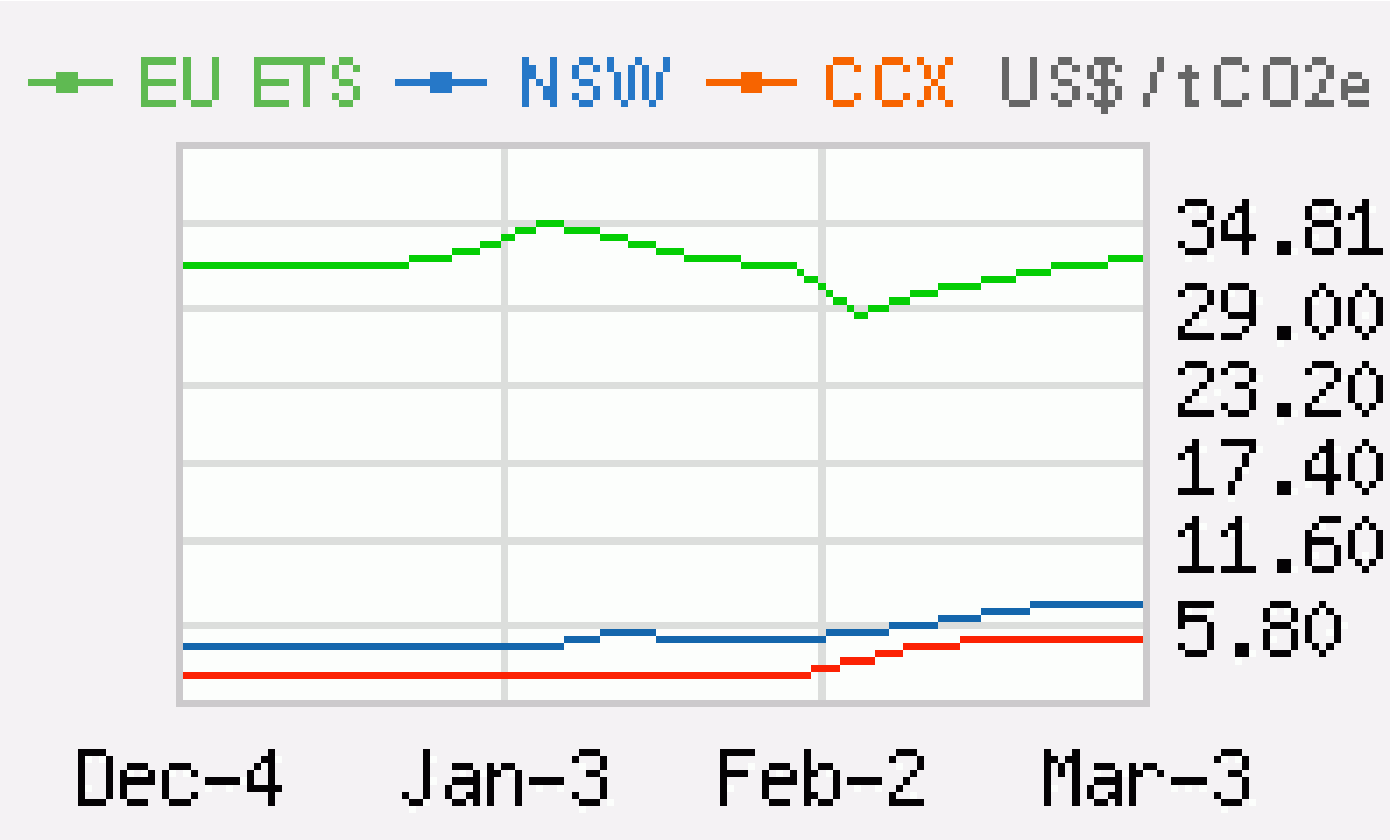
Heal *et al.*, 2002

- Production of goods
- Regeneration processes
- Stabilizing processes
- Life-fulfilling functions

Ecosystem Marketplace

- Carbon
- Biodiversity
- Water

Carbon Markets



Ecosystem Marketplace

Forest Carbon

www.climate-standards.org

The Climate, Community & Biodiversity Alliance

Projects approved in:

- **China, Panama, and Indonesia**

Projects currently being audited in:

- **Tanzania, India, UK, Nicaragua, and Brazil**

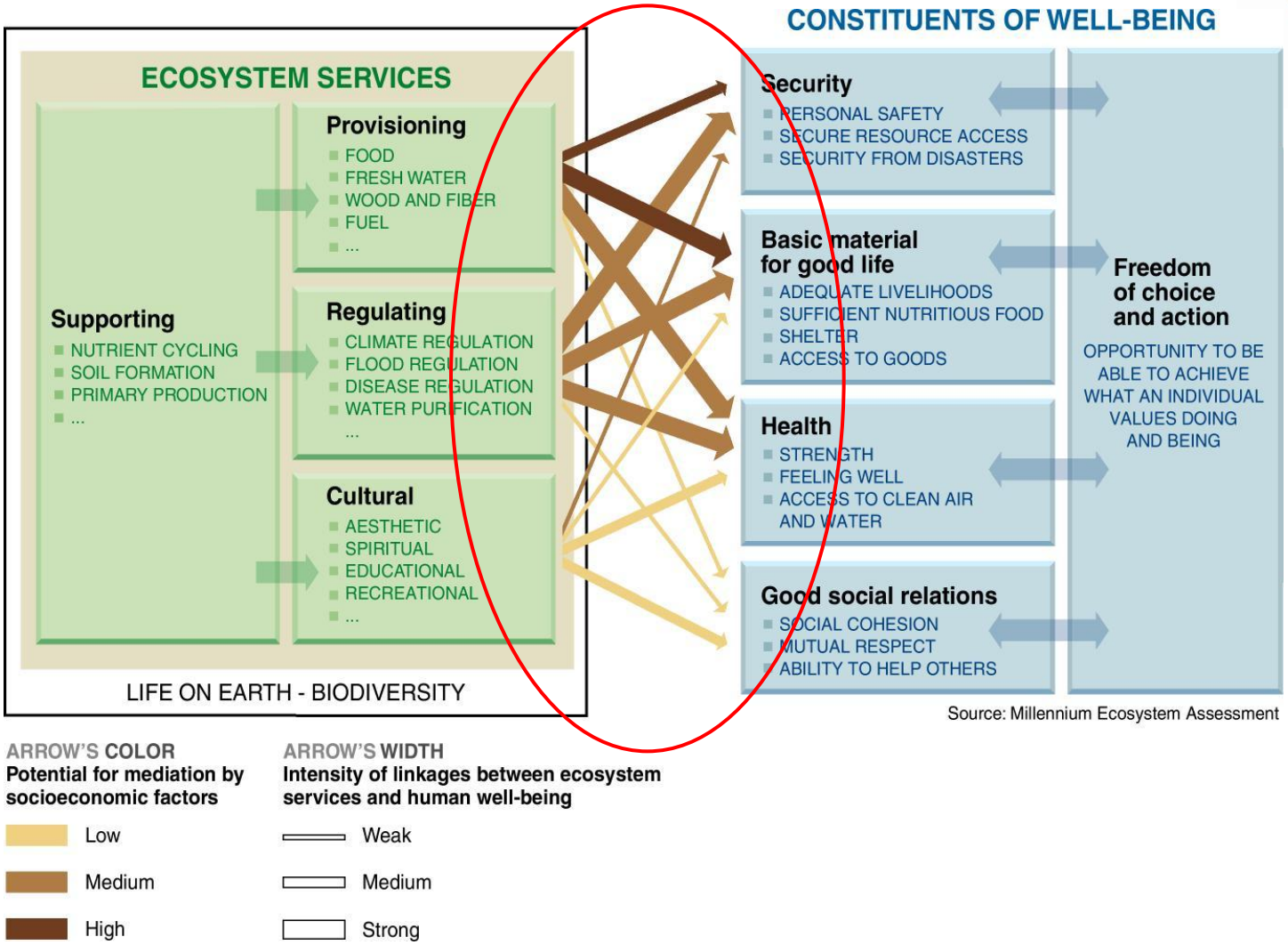
Biodiversity Markets?

- Conservation concessions
- Biodiversity offsets
- Bioprospecting
- Eco-labels
- Eco-tourism
- Nutrient trading, wetland banking, endangered species credits

And then came…. REDD!

Reducing **E**missions from
Deforestation and **D**egradation

Multiple benefits

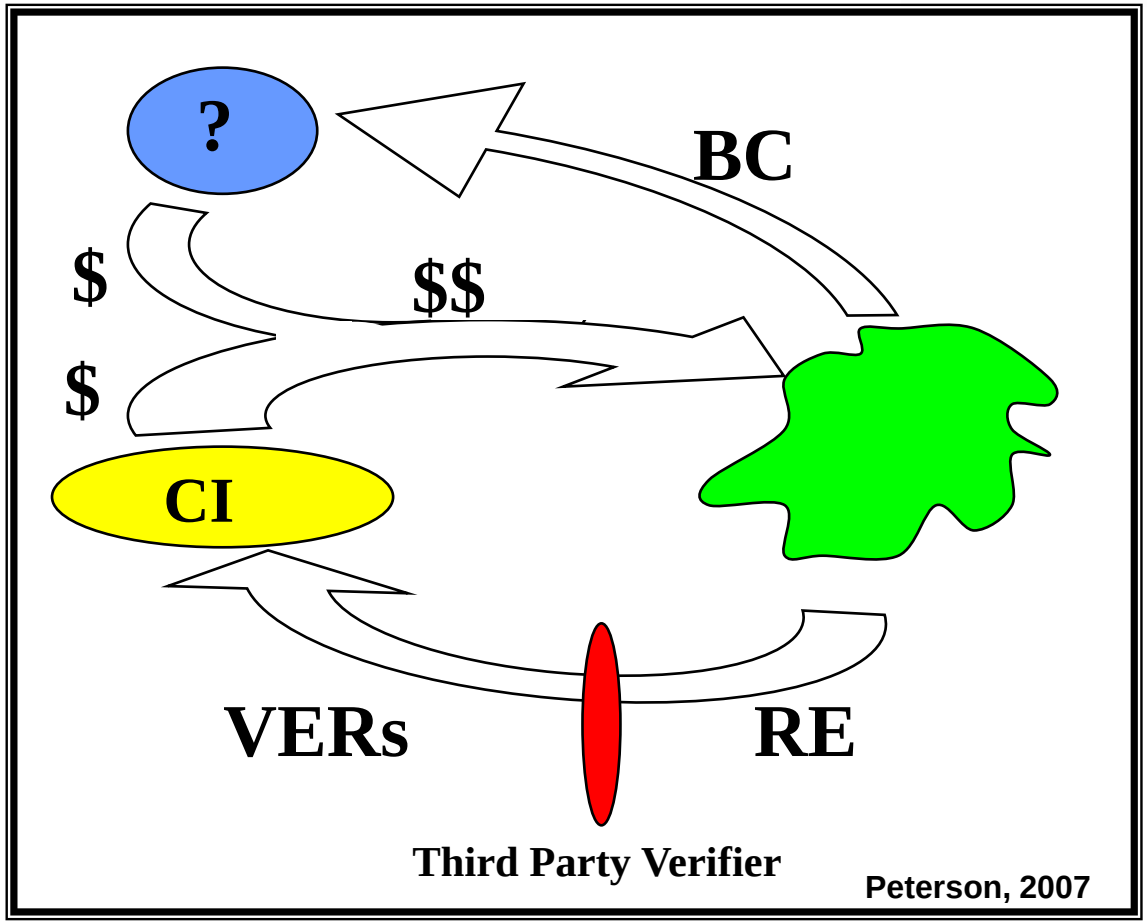


Bundling PES for REDD?

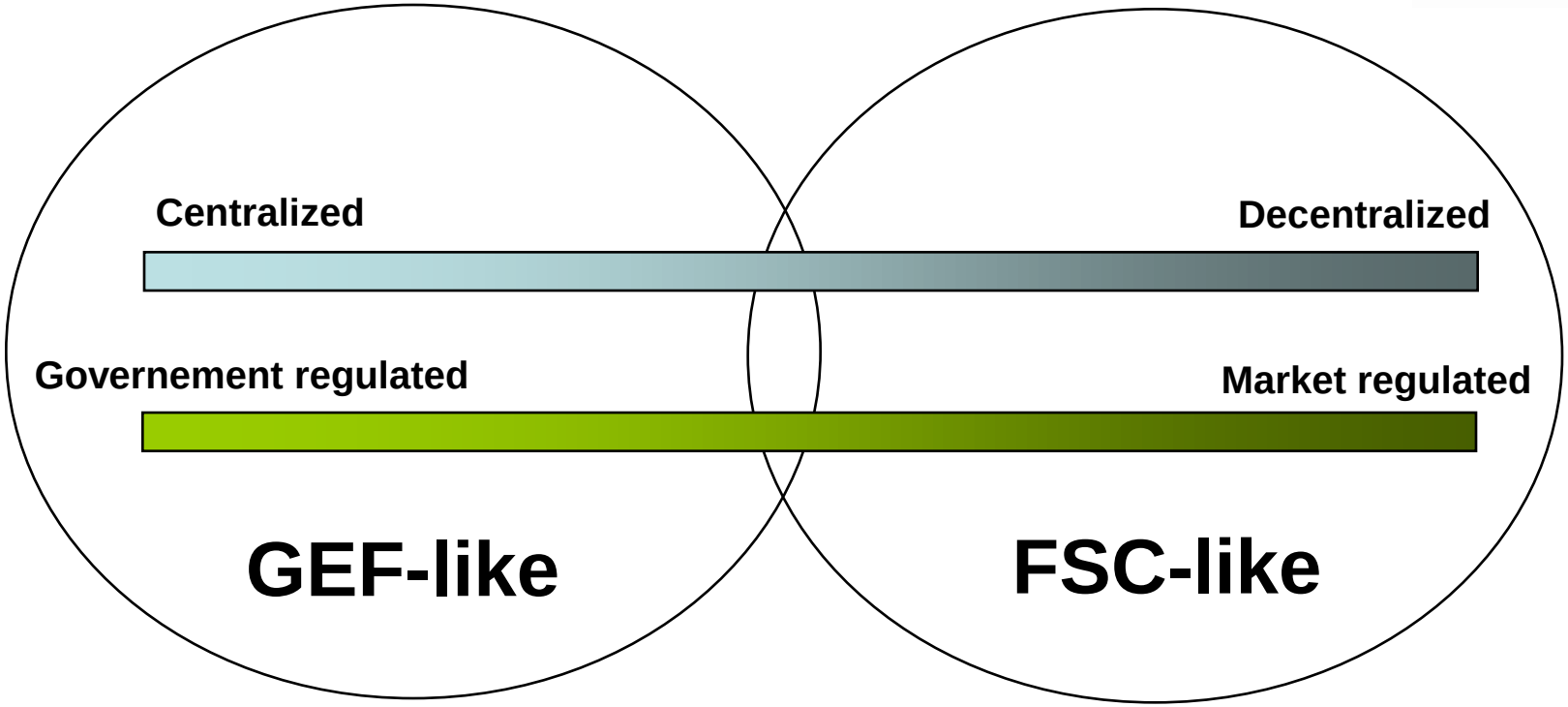
- PES:
  - Voluntary
  - Conditional
  - Provider – beneficiary relationship
- Integrating PES and REDD:
  - A bundled demand to meet a bundled supply?

The Biodiversity Beneficiary

- Direct vs. Indirect
- Local vs. Global
- Public vs. Private
- For profit vs. not-for-profit
- North vs. South



Institutions



Transparency, 3rd party verification

Payment mechanisms

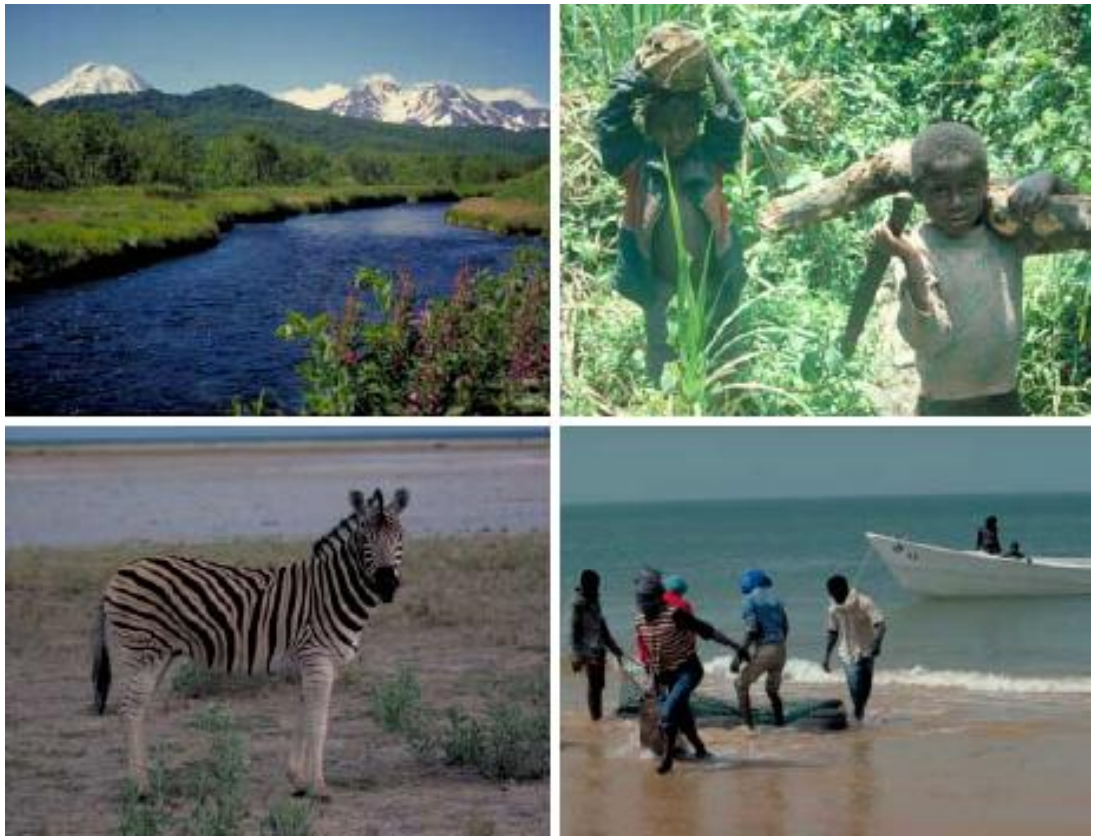
- **REDD-Bazaar**
  - web-based marketplace - ‘buyer chooses’
  - reliant on credible verification
- **REDD-Fund**
  - centrally planned – ‘intermediary chooses’
  - reliant on neutral ‘middle-man’
- **REDD-Brand (landscape certification)**
  - Can be either publicly or privately provided
  - reliant on credible verification AND on neutral ‘middle-men’

Keep the eye on the prize

Deforestation avoided

Sustainable development

Livelihood opportunites maintained or enhanced

No one made worse off

Merci!