

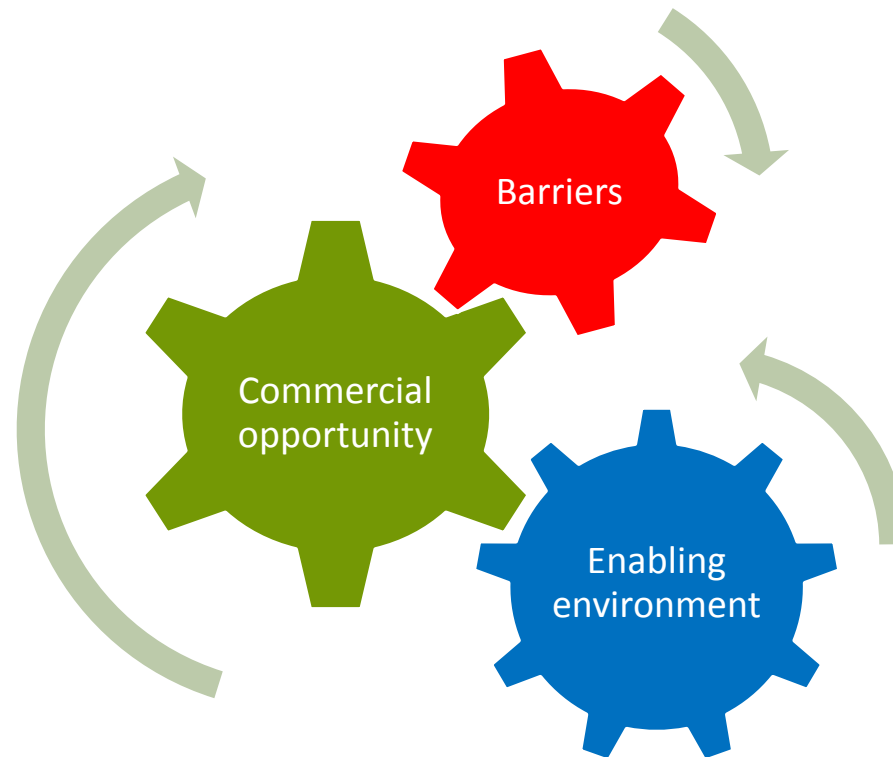


Engaging the Private Sector to finance LEDS: The AFOLU perspective

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Basic premise

- Private sector must be engaged in AFOLU LEDS
- Must be a commercial reason for private sector to engage – can be commercial risk or opportunity
- The bigger the commercial reason, the bigger the potential engagement



A little history...

- Historical recognition that governments cannot cover the costs of mitigation and need to engage the private sector
- Carbon market attempt #1: Voluntary market
 - Shows can work in principle, but not at scale
- Carbon market attempt #2: CDM
 - Limited to afforestation and reforestation, complex rules discouraged PS investment, excluded from EU market = market failure
- Market mechanism hope #3: REDD+
 - ...

A little history cont.



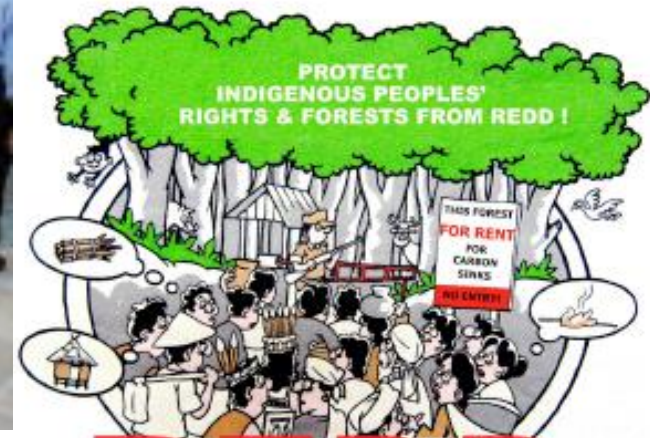
- 50% reduction in deforestation estimated to cost \$15 - \$35 billion per year
- Expected to come from a combination of public and private sources, including market and non-market
 - ~\$9+ billion public funding pledged to date (total, not per year)
- Significant gaps remain – particularly for results-based payments as unclear how they will be filled
- Private sector is a core stakeholder in AFOLU emissions. Key driver and therefore need to be engaged in the solution
- Some results based payment mechanisms that could engage the private sector, BUT

A little history cont...

- Opposition to REDD+ and market mechanisms
 - Fear of government expropriation, loss of tenure, loss of biodiversity, private sector takeover, North/South equity



NO to CO₂lonialism!



REDD

A FALSE SOLUTION TO CLIMATE CHANGE

- Supply will also exceed demand...

More recent developments



- Market mechanisms and results based payment has a role, but not a dominant role
- More recent interest in commodity companies and sustainable supply chain commitments
 - Not premised on carbon markets – premise is long term corporate sustainability and responsibility
 - Tropical Forest Alliance 2020
 - Cocoa & Forests Initiative
- Moving away from CSR / PR to addressing long term risk to core business

AFOLU Perspective



- Private sector must be engaged in AFOLU LEDS
- Must be a commercial reason for private sector to engage – can be commercial risk or opportunity
- The bigger the commercial reason, the bigger the engagement
- HOW?
 - Policy – create incentives to do good
 - Policy – increase costs of doing bad
 - Policy – long term certainty is good, uncertainty is bad
 - Some business see long term commercial interests; partnerships and policy environment will affect impact

Contact us!

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