

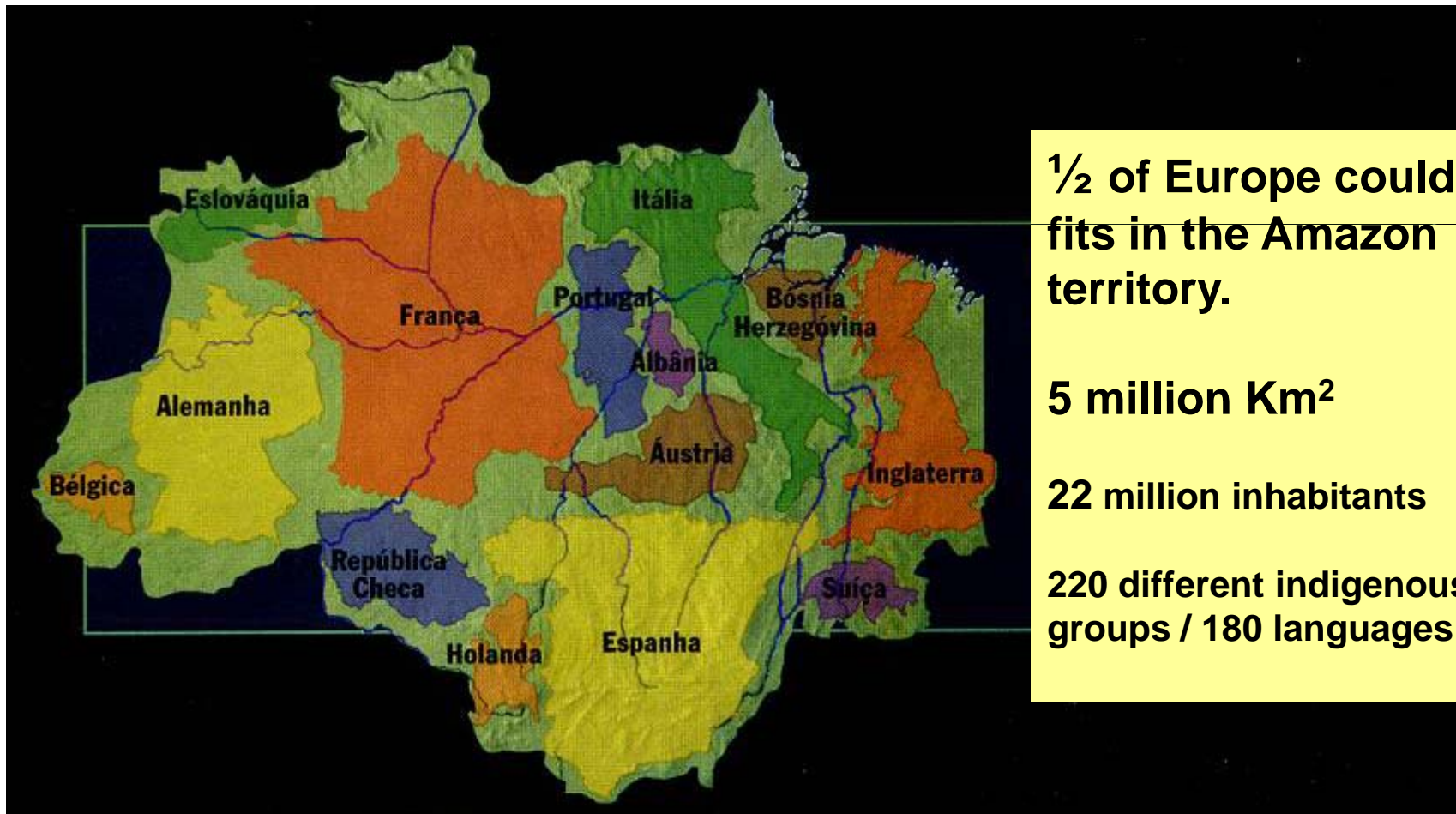


# *Reducing Deforestation and Forest Degradation in Brazil*





# The Amazon Region

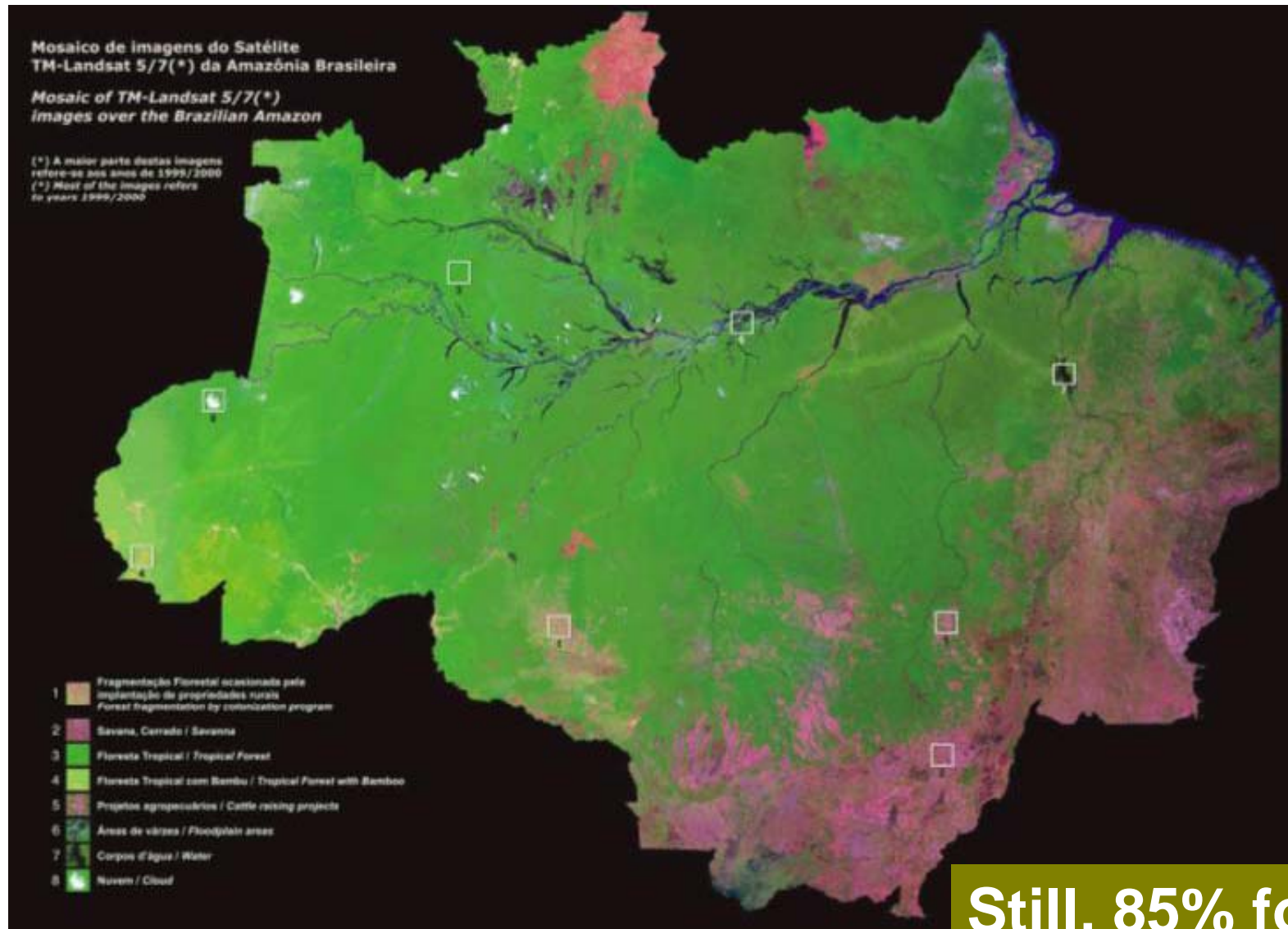


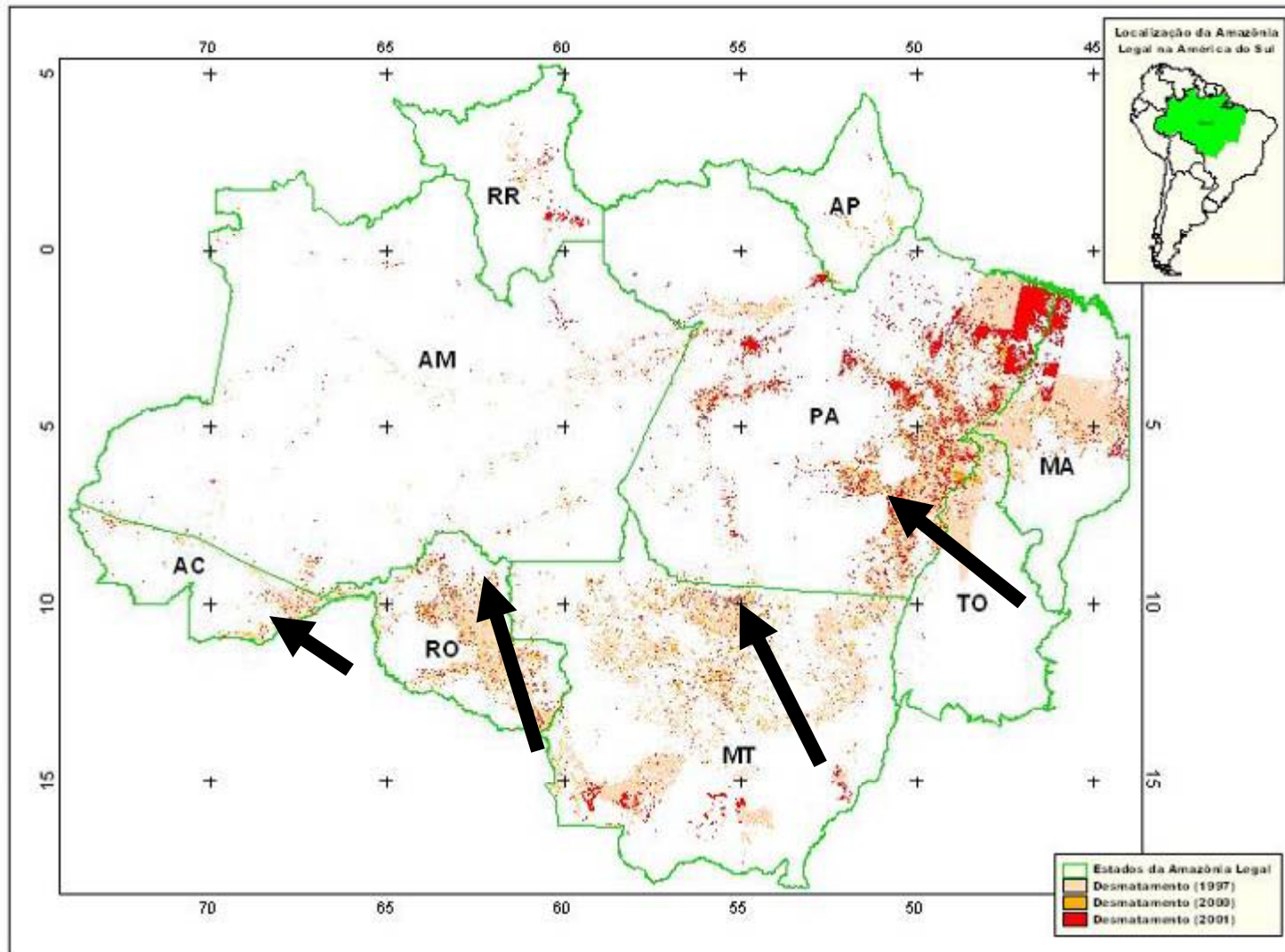
**1/2 of Europe could fit in the Amazon territory.**

**5 million Km<sup>2</sup>**

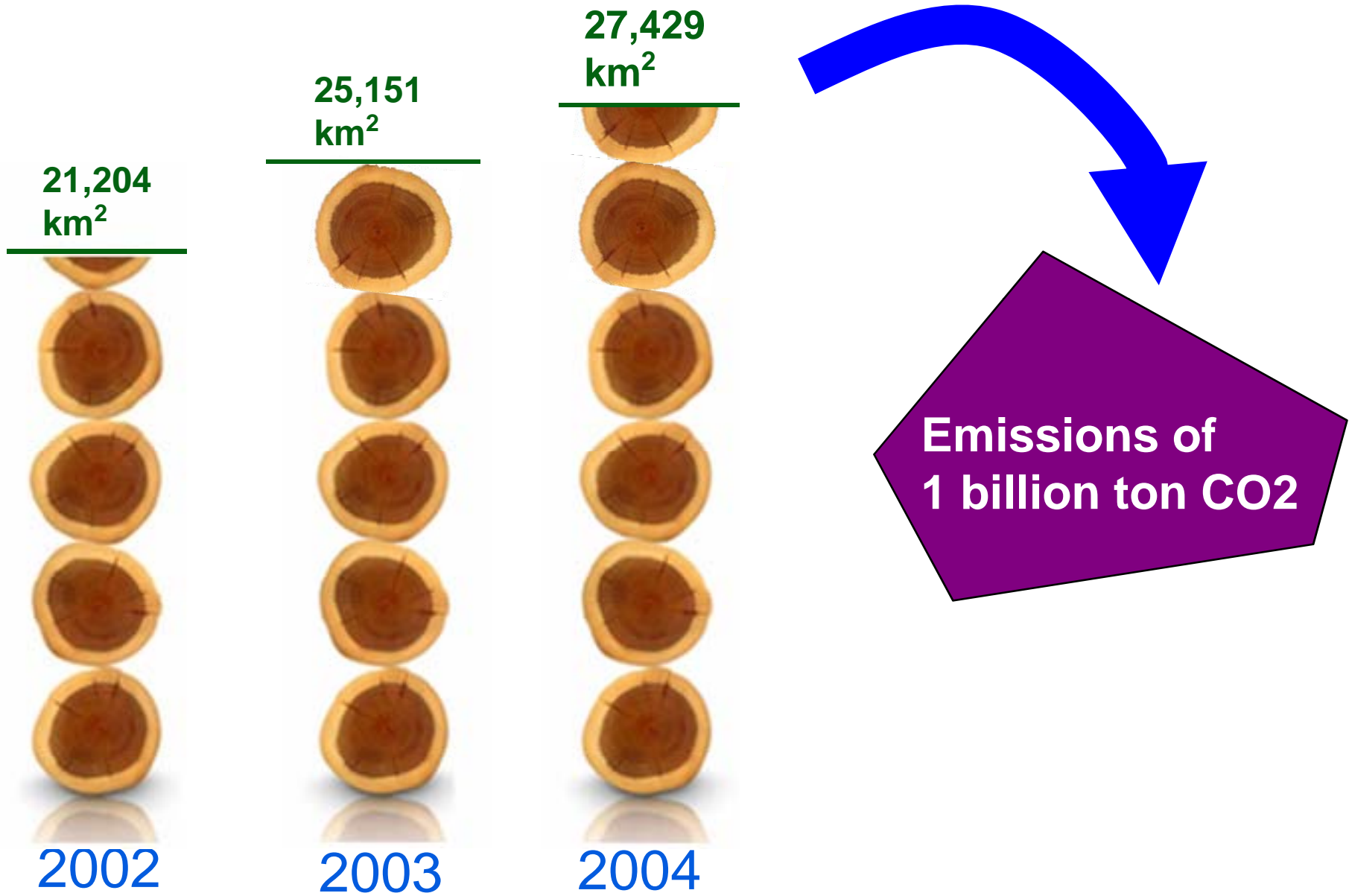
**22 million inhabitants**

**220 different indigenous groups / 180 languages**





**But, we lost 15% in 30 years**





**March 2004** – Action Plan to Prevent and Control Deforestation in the Amazon

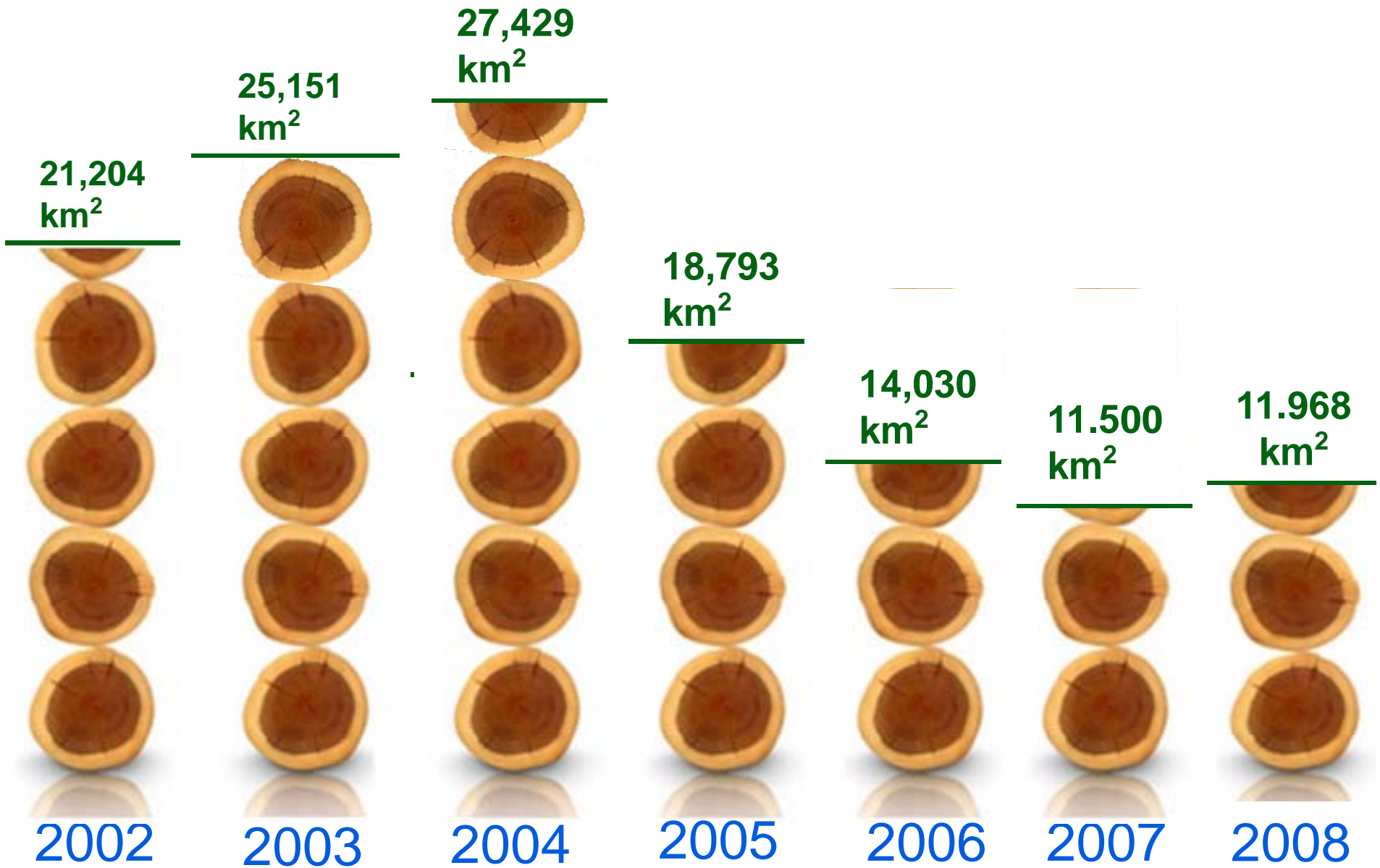
**Led by the President's Cabinet** involving 11 Ministries

**144 actions** in three strategies:

- **Land Tenure and Territory Planning**
- **Environmental Monitoring and Control**
- **Incentives to Sustainable Production**



# Action Plan for Deforestation Prevention and Control in the Amazon





### **Objective**

Consistently and continuously decrease deforestation and stop loss of forest cover.

### **Goal**

Reduce deforestation 80% by 2020 in relation to the average deforestation between 1996-2005

### **Main Challenge**

Make forest more valuable than the alternative use of land



**Brazilian Government is committed to invest  
US\$ 500 million between 2008 and 2011 in the Combat of  
Deforestation and Promote Sustainable Forestry**

**There is a need of much more resources and incentives for  
REDD can be a excellent opportunity mobilize resources to  
face this challenge**



# Amazon Fund

**Transform** the reduction emissions from deforestation into a system to **fund** the conservation and sustainable use of forests

**Promote** a initiative that **demonstrates** the viability of a large scale mechanism for incentives to **reduce deforestation emissions**



## Purpose of the Amazon Fund

**Private Fund** to Invest in **actions** from **government and non-government organizations** to **control e combat deforestation and to promote the conservation** and sustainable use of forests including:

- Protected Areas and Public Forests
- Environmental monitoring and control
- Combat of Illegal logging
- Sustainable Forest Management
- Biodiversity Conservation
- Reforestation and Restoration of Forest Ecosystem

Invest on monitoring systems in other tropical forestry countries and other biomas in Brazil.  
*(up to 20% of the funds)*



## Principles

Consistent and simple

Low transactional cost

Based in real reduced emissions

Participatory



# Quantification of Reduced Emissions



## EMISSIONS ESTIMATES

CONSERVATIVE APPROACH TO AVOID MONITORING  
AND COUNTING COMPLEXITY

**Emissions = Deforested Area (ha) x TonC/ha**

Deforested Area = Satellite Monitoring Methodology  
(PRODES)

TonC/ha = below minimum reference value in the  
literature (120 to 350 tonC/ha)  
→ project will use 100 tonC/ha

25  
x 3  
—  
75

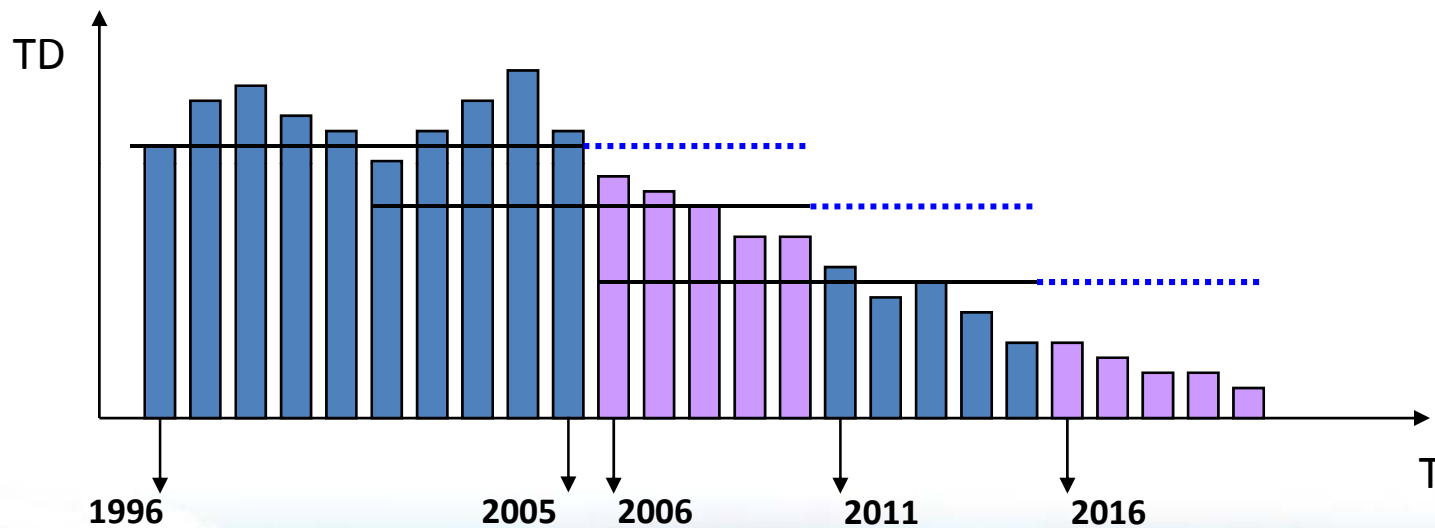


# Quantification of Reduced Emissions



## AVERAGE DEFORESTATION RATE

- Using 10 years average
- ADR revised every 5 years



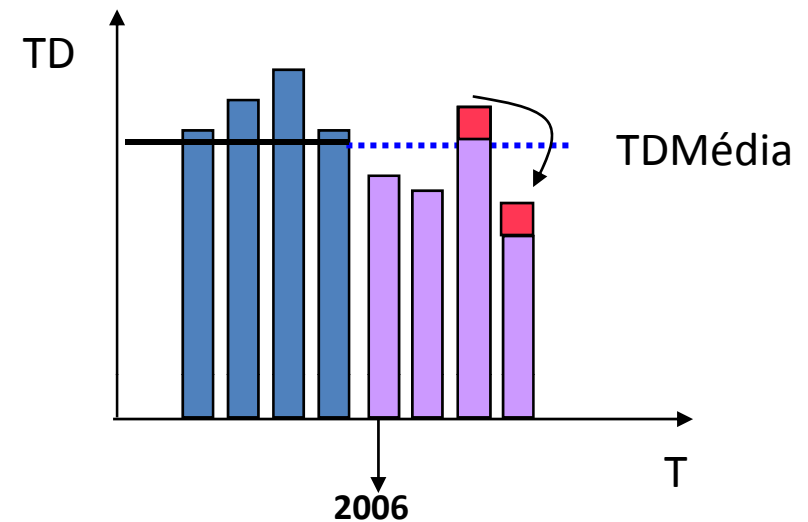
Year of Reference	Period for ADF calculation	ADF
2006 to 2010	1996 to 2005	1,95 million ha



## DEFORESTATION ABOVE THE AVERAGE RATE

If deforestation rate in the reference year is higher than the average rate, the Government:

- ◆ Will not be able raise funds in that year
- ◆ Will have to compensate the reduction in the following year





## REDUCED EMISSIONS ESTIMATE

**Example for the first year (2006)**

**ADR** – 1,95 million hectares

**DRY (2006)** – 1,40 million hectares

**RED** =  $(1.95 - 1.40 \text{ mi ha}) * 100 \text{ TonC/ha}$

**RED = 55 million TonC**

**200 million Ton of CO<sub>2</sub>**





## CONTRIBUTORS

GOVERNMENTS

COMPANIES

NON GOVERNAMENTAL ORGANIZATIONS

MULTILATERAL ORGANIZATIONS

INDIVIDUALS

**US\$ 5,00 of contribution  
equivalent to the support for the  
achieved reduction of one Ton of  
CO2**





## Governance

**Fund hosted and managed by BNDES (Brazilian Development Bank)**

**Technical Committee (6)** – attest the avoided emissions

**Steering Committee (24)** – define guidelines and criteria for fund application

- Federal Government
- Amazon State Governments
- NGOs , Indigenous People, Business Sector and Scientists

**Annual independent audit of the application of the funds**





### Lessons learned with finance mechanism

- ✓ Rules of the game must be taken with full participation but decision on the funds specific allocation must be based on objective criteria or on a independent and transparent process
- ✓ Fundraising based on achieved results is very powerful – internally and externally
- ✓ Make funds complementary to local/regional/national budgets, not a substitution
- ✓ A robust but fully transparent forest monitoring is crucial to build the credibility with stakeholders and supporters
- ✓ The key variable is area of forest ... not carbon