CASE STUDY
SUPPLEMENTARY BIODIVERSITY PAYMENTS FOR REDD+

An international climate finance mechanism for reducing emissions from deforestation (REDD+) is expected to provide substantial benefits for biodiversity. By financing the conservation of tropical forests for their greenhouse gas abatement value, REDD+ would be safeguarding habitat for the majority of the world's terrestrial species as well. But conservationists have an opportunity to increase the biodiversity benefits of REDD+ still further. By supplementing REDD+ finance with biodiversity payments, conservation organisations could guide market demand for REDD+ toward high-biodiversity forests. By leveraging the vast infrastructure being put in place for REDD+ - systems for forest conservation, monitoring, accounting and governance - transaction and startup costs could be far lower than under a project-by-project approach to biodiversity conservation.

Simulations using the OSIRIS model indicate that supplementing carbon finance with biodiversity payments would not only increase biodiversity benefits, but carbon benefits as well. In some forests carbon finance alone may be enough to incentivize conservation. But in forests where carbon finance alone is insufficient, biodiversity payments would act as a subsidy, allowing combined carbon and biodiversity payments to conserve forests where costs would otherwise be too high.

A price premium for emissions reductions originating in high-biodiversity forests could be paid either by existing buyers of REDD+, or by a new set of buyers interested primarily in forest biodiversity. This price premium could be paid through:

- Providing additional up-front finance to develop high-biodiversity REDD+ programs or projects;
- Purchasing high-biodiversity REDD+ credits above market price and reselling at regular market price; or
- Rewarding sellers of high-biodiversity REDD+ credits with a "biodiversity matching payment".

To implement any of these supplemental biodiversity payment methods, three additional global institutional investments would be useful:

A **registry** identifying the spatial origin of emission reductions would allow potential buyers of biodiversity to decide which forests are rich enough in biodiversity to merit a price premium. This registry may already be an important feature of international or national REDD+ programs even in the absence of supplemental biodiversity finance.

Standardised, accepted **metrics** for quantitatively differentiating forests' relative biodiversity value would relieve individual buyers of the cost of gathering this information. Arriving at appropriate and accurate metrics for biodiversity value should result from an independent, transparent and science-based process, and need not be under the auspices of the UNFCCC.

A centralized institution ccould **consolidate demand** for the biodiversity benefits of avoided deforestation from many small and geographically dispersed potential buyers.

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See Busch, J. "Mechanisms for increasing the biodiversity benefit of reducing emissions from deforestation."

http://www.conservation.org/osiris

In: The Little Biodiversity Finance Book (2010). Global Canopy Programme, Oxford, UK. 168pp.
http://www.globalcanopy.org/materials/little-biodiversity-finance-book