

Latin America – Protecting Forests

Bonus for pioneers in forest conservation

The destruction of forests is one of the greatest risks to climate protection. That is why in 2005 the United Nations started negotiating REDD+ (Reducing Emissions from Deforestation and Degradation) – a program that provides developing countries and emerging economies with incentives for reducing emissions. A few years later, the German Federal Government launched a supplementary programme, REM – REDD Early Movers, to grant an extra bonus to pioneers of REDD. In doing so, the German initiative generates dual benefits: It brings together climate and forest conservation as well as expedites the efforts on both issues through special bonuses. Working on behalf of the Federal Government and cooperating with GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), KfW is currently implementing REM in three Latin American countries. The process of protecting the forest first started in the Brazilian state of Acre.

Current situation

An area of forest the size of a football pitch is destroyed every two seconds adding up to around 13 million hectares around the world each year. The loss of our forests most of which are cleared for agricultural purposes is one of the biggest sources of greenhouse gases in the world, accounting for around 12 per cent. Protecting forests is therefore playing a key role in protecting the climate. The most successful way to do this is to combine forest conservation with sustainable use. Logging and natural resource depletion normally occur for economic reasons. Without other ways to use the forest and without suitable alternative sources of income for rural communities, our forests will not be around in the

long run. That is why the international community set up the REDD programme in 2008. This initiative compensates verified reductions in CO₂ emissions generated as a result of forest conservation.

Project approach

In 2012, Germany set up and launched REM within the scope of REDD. REM rewards pioneering regions that have already reduced deforestation at their own initiative for their efforts in climate protection. Satellites are used to monitor if the deforestation was reduced – thus calculating by how much the emissions for a particular year were reduced compared to historical average. Recipients however cannot use funds from REM freely; instead, the funds must go directly towards protecting forests, for example by supporting the reforestation of

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| Project name | REDD Early Movers (REM) Programme |
| Commissioned by | Federal Ministry for Economic Cooperation and Development (BMZ) |
| Country/region | Brazil, Ecuador, Columbia |
| Project partner | The Ministries for the Environment in the respective countries |





Forest in Brazil. Protecting it means protecting the climate. Photo: KfW Photo Archive / Rüdiger Nehmzow

cleared areas or by providing local farmers with alternative sources of incomes, such as fishing or producing oil from Brazil nuts. A clear set of criteria is used to make sure the local population, usually smallholders and indigenous groups, benefit from the initiative. Up until now, KfW has invested more than EUR 31 million in REM on behalf of the German Federal Government.

Impact

The Brazilian state of Acre is among the pioneers of forest protection which is why it receives special support from Germany. In 2012, the Federal Republic of Germany entered its first partnership under REM with Acre in order to reward the region for its efforts in forest protection. At the same time, it wanted to create an incentive for forest conservation using the state as a role model. So far, 3.05 million tonnes of CO₂ equivalents have been saved by means of REM, with the state receiving USD 5 per ton. This corresponds to the annual CO₂ emission of around 1.5 million cars in Germany. Remuneration is based on the reduction of emissions already achieved, and determined by using a conservative carbon calculation.

A smaller portion of the funds is allocated to the continued state-wide expansion SISA (Sistema Estadual de Incentivos a Serviços Ambientais) – an innovative system promoting environmental services. Most of the funds, however, go to the local population who makes an important contribution to preserving the rainforest. This way income is generated through sustainable use of both the forest and the land. So far, 4,250 families have benefited from the incentives. Another 500 indige-

nous families were supported by a specific indigenous people's program. On the one hand, REM thus provides reimbursement for past climate protection efforts while creating incentives for sustainable development and further reducing the rate of deforestation on the other.

In the meantime, Columbia has also committed itself to protecting its forests, setting itself the ambitious target of not losing a single square metre of forest from 2020 onwards. To achieve this, the country has significantly expanded its conservation zones and also passed a combination of laws, provisions, and incentives for sustainable use of the forests. Columbia's progressive forestry policy has been set out in its "Amazon Vision Programme". As a result, the Andean country is yet another pioneer in forest protection and has been receiving funds from the REM programme since 2016, amounting to EUR 28 million so far. Norway and the United Kingdom also join Germany in supporting the REM programme in Columbia via a mandate from KfW.

Ecuador is also due to start receiving bonus payments from the REM programme for its REDD efforts, with KfW alone contributing EUR 11 million. Other countries and regions in Latin America are starting to follow in the footsteps of Acre, Columbia, and Ecuador, wanting to qualify as "Early Movers" as well.



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