

International REDD Fund

Revenue Sources:

- Voluntary contributions
- Non-Offset Market Arrangements

Shared revenue for REDD and Adaptation Fund
under the Convention

Government of Tuvalu in collaboration with the Centre for
Climate Policy and Law, Australian National University

Non-Offset Market Arrangements:

- **1a .Levy on International Aviation and Maritime transport**
 - **1b. Auctioning of allowances under a self contained cap and trade regime for international transport**
 - **2. Pledge % of auctioned national emissions trading allowances**
 - **3. Percentage of AAUs auctioned on the international market**
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Potential Revenue Streams:

Emissions from international transport:

Aviation bunkers = 415 Mt CO₂-e

Marine bunkers = 543 CO₂ -e (could be significantly underestimated)

Levy on International Transport equivalent to
USD 20/t CO₂ -e

Revenue= **USD 23.95 billion**

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Levy equivalent to 0.6% in airfare price (USD 17
Sydney-London airfare of USD 2600)

Impact: 0.4% decline in passenger no's

Levy could be indexed on a GDP/capita or other
agreed critereon



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Pledge % of auctioned national emissions trading allowances

Revenue stream:

Depends on % of pledge of auctioned allowances

Lieberman-Warner Bill generate USD 3.2 billion in 2020

Potential: USD 10s billion per year

Figures courtesy of Union of Concerned Scientists

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Management:

Board of UNFCCC Parties regionally represented

Advisory Panel: IFIs, NGOs, IPOs, BOs

Secretariat: UNFCCC Secretariat



10 Advantages of a Non-Offset International REDD Fund (IRF)

1. **Equity:** IRF allows for equitable distribution of funds for REDD. A market may exclude important regions due to perceived “market risks”, low deforestation rates or lack of capacity;
 2. **Quick start up:** IRF can be used for “reddiness” activities as well as implementation activities.
 3. **Higher Environmental Integrity:** If REDD activities fail due to problems associated with international leakage, permanence or other issues they are not associated with emission offsets. This means that the atmosphere is better off.
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- 4. New Money:** A non-offset IRF adds new and substantial money to the system. It does not draw on existing ODA
 - 5. Protection of Rights:** An IRF is more likely to be able to protect the rights of indigenous peoples and local communities as there is no transfer of rights of carbon ownership to an international market and international buyers
 - 6. Market Stability:** An IRF not linked to an international carbon market ensures that a flood of new carbon credits does not come on to the market and destabilize existing programmes and projects.
 - 7. Sovereignty:** An IRF does not divest land ownership to an international market and international buyers
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- 8. Local control:** If linked to community based trust funds (see Tuvalu submission) local communities have greater control over REDD activities, thereby creating a greater likelihood of success;
 - 9. Conservation and Adaptation included:** An IRF would also be available to provide funding for conservation and for adaptation activities associate with forests. A market-based approach would have difficulty in funding such activities as there may not be any changes in carbon stocks.
 - 10. Flexibility:** An IRF will allow for national and sub-national approaches to REDD.
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