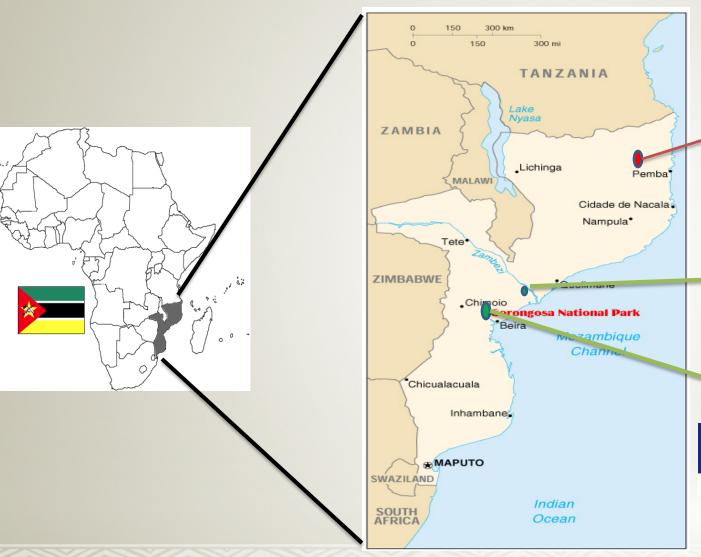
Envirotrade

Financial management in the REDD+ project at local level - lessons learned from community carbon and poverty alleviation project

Where are the projects?



Quirimbas (2008)

Zambezi Delta (2007)

Nhambita-Gorongosa (2003)









Common problems

- Extreme poverty;
- Lack of infrastructure;
- ⇒High human pressure
 - Deforestation;
 - Poaching; and
 - Bushfires.





The challenge

⇒Innovation

- * Provide food security;
- * Create livelihoods;
- * Change land use;
- * Conserve biodiversity; and
- * Mitigate greenhouse gas emissions



Envirotrade Sofala Projects

Aim to contribute to rebuilding the local economy by establishing environmentally responsible farming and food security

⇒Incentivize farmers to change land use & sustainable use of forest: believes transactions are the basis for sustainable development



STANDARD







Project activities

1. Reforestation/agroforestry

- ⇒ Individual contracts (7 years);
- \Rightarrow 2,799 farms (39% women)+ 28 groups
- \Rightarrow 4,628 active contracts

2. Forest management (REDD)

- ⇒ Community contract
- ⇒ About 12,000ha



Other Project activities

- 3. Research
- 4. Environmental education
- 5. Micro-enterprises







Project governance

Responsibility & benefit sharing

- **Community**
 - > Labor
 - > Land
 - > Local knowledge
- Envirotrade
 - > Technical assistance
 - > Inputs
 - > Market

Appropriation

- > Envirotrade time horizon : 15 years
- ☐ Exchange of roles

Government, NGO's, clients & donor's



Financial model

- \Rightarrow 1/3 to farmers & community
 - ⇒ Directly to farmers pocket
 - **⇒Community funds**

- \Rightarrow 1/3 to project operation
 - ⇒Staff & equipment
 - ⇒Seedling & forest management activities

⇒1/3 profit/re-investment other areas



Farmers contract & PES

- ⇒Individual contract valid for 7 years;
- ⇒ Price negotiated with farmer \$4/tCO2;
- ⇒Contracts signed in advance

⇒PES made until 2013: \$ 2,136,744.00



Carbon generated & sold

⇒Carbon credits:

 \Rightarrow Agroforestry: 316,884 t

⇒REDD: 187,562 t

⇒Carbon sold:

⇒Agroforestry: 294,923 t

⇒REDD+: 145.315 t

⇒Average price: about \$6

⇒Carbon available: 64.208 tonnes



Market

⇒Swedish broker (Europe)

- ⇒ European travel companies;
- ⇒Dairy cooperative;
- ⇒A hamburger chain, and
- ⇒Hotels

⇒**Broker in Mauritius**

- ⇒ an office automation company
- ⇒Hotel group in Mauritius and Maldives



Project Impact

1. Social/local economy

- ☐ Over 140 "green jobs";
- Income diversification;
- Social infrastructure(2 schools, clinic, clean water);
- Food security improved;
- Living standards improved





Project impact

2. Environmental

Over a million trees planted;

□ About 12,000 ha of forest under sustainable management



Project Impact

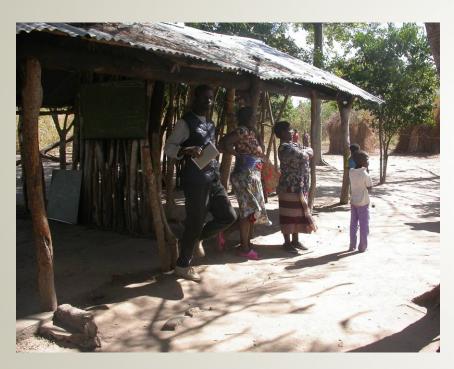
3. Business & sustainability

- ☐ The price (low) is the biggest problem;
- ☐ Project contracted to pay very high price to farmer
- => Too small to be financially viable

Example: project selling for \$1.5/tonne but generate more than 1 million tonnes/year



Testimony gallery















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Thank you!



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