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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)



This project is part-funded
by the European Union



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);
- ⇒ 2,799 farms (39% women)+ 28 groups
- ⇒ 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

⇒ **1/3 to farmers & community**

⇒ **Directly to farmers pocket**

⇒ **Community funds**

⇒ **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:

⇒ 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









Environment



Thank you !



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