Reducing Emissions from Deforestation and Degradation (REDD) in the Cofán Bermejo Reserve, Ecuador

Cofán Bermejo Reserve
- 55,451 hectare primary Amazon rainforest located in Northern Ecuador in South America
- Managed by Cofán since 2002; owned by Ecuador
- Live sustainably off the land in small populations surrounded by abundant natural resources.
- Cofán Park Guards are responsible for protecting the Reserve

Threats
- Deforestation from oil exploration and road development leading to colonization
- Oil concessions span most of the Reserve. Oil supports 40 percent of Ecuador’s economy creating a high threat of deforestation.
- These activities degrade the forest and threaten the Cofán way-of-life.

REDD
Forest conversion results in approximately 18-20 percent of global annual carbon emissions. Tropical rainforests store a significant amount of carbon (200-300 metric tons of carbon per hectare). REDD is a carbon-trading mechanism that provides incentives to reduce emissions from deforestation and degradation. Funding generated from entering a REDD-based carbon market can be used to protect the Cofán Bermejo Reserve and the Cofán way-of-life through enhancing the Park Guard Program.

Does a REDD project make economic sense?
- It is potentially feasible and economically beneficial for the Cofán to implement a REDD project for the Cofán Bermejo Reserve. Should the Cofán pursue a REDD project, they can:
  - Work toward immediate entry into the voluntary carbon market and find a buyer that is interested in purchasing the carbon credits generated from a REDD project for the Reserve
  - Bundle territories to strengthen the argument for additionality
  - Wait for the UNFCCC to recognize REDD carbon emission credits in hope of generating more revenue.

What are the options?

Is it feasible and economically viable to develop a REDD project for the Cofán Bermejo Reserve?

Feasibility Analysis

Political Climate

International
- Currently, REDD is not recognized by the UNFCCC
- Voluntary market standards can be used to develop certifiable, REDD-based carbon emission reduction credits
- Voluntary market standards will likely influence future regulations

Ecuador
- Adapted a new Constitution recognizing the value of natural resources
- Socio Bosque provides incentive for forest protection
- Interest in developing national market mechanisms to protect natural resources, but uncertainty surrounds the distribution of market benefits

Additionality
- Deforestation in the Reserve could occur at a conservative rate of 0.5% per year
- Reserves typically do not demonstrate additionality because the forest and its carbon stocks are assumed to be protected
- A case can be made for threatened reserves in developing nations (e.g. Cofán Bermejo) as they are often subject to forest loss through illegal deforestation and government concessions

Leakage
- Forest extractive activities are limited to sustainable consumption by the Cofán and significant anthropogenic deforestation is not occurring
- Deforestation activities will not be displaced from the Reserve if a REDD project is developed

Non-Permanence
- The risk of unexpected carbon loss for this Reserve is low to medium and can be addressed through the development of a REDD project

Indigenous Culture Considerations
- A REDD project is compatible with the Cofán lifestyle and therefore will not negatively affect their indigenous or cultural traditions

Does a REDD project make economic sense?
- The money generated from the carbon credits of a REDD project would at least need to match the expected project cost (i.e. break-even). Based on a conservative cost-benefit analysis, a REDD project is viable if it can generate an income of at least 7.7 million USD. A medium risk project that prevents only half of the expected deforestation provides the least amount of saleable carbon credits. This scenario may be financially viable in a voluntary market and would almost certainly be viable within a regulated market context. Therefore, according to expected rates, it is likely that a REDD project does make economic sense and the Cofán could generate enough funding to support a more robust Park Guard Program.