**Exercise: *Cost-benefit analysis for REDD+ – using economic and other analyses to inform REDD+ planning***

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| **Session 2:**  **(9:30 am – 10:25 am)** | **Costing/Budgeting of REDD+ investments**  **Objectives:** Learn about tools, processes and potential approaches to costing and budgeting of countries’ Investment Plans, and discuss associated opportunities and challenges  **Presentations:**  **•** P3: Costing/budgeting of the National REDD+ Strategy by Chile (remotely)  • P4: Costing of the REDD+ implementation plan by Viet Nam  • Stocktaking + Q&A |
| **Group exercise**  (60 min)   1. Introduction to the exercise (5 mins) 2. Form groups and receive materials (5 mins). Pencils to be used until the final ranking is done. 3. Each group will see the same map showing a number of different areas in a landscape, with a short description of what is shown on the map:  * a set of 6 different areas, each with different forest areas (in ha) and rates of deforestation (DF) / forest degradation (DG) (% per decade) shown   (*NB: the areas are different shapes but all the same size, and the forest type is all basically the same*).   1. Each group then chooses three PAMs cards. The information will include:  * The type of PAM and its objective/impact (e.g. reduce forest degradation) * Its estimated cost (implementation costs, USD per ha)  1. You also have a total budget for REDD+ in that landscape (US$150 million). Discuss and decide where you would implement each PAM in the landscape, and why. (15 mins) 2. Each group is now given another type of economic information:  * Estimated values for a co-benefit in a range (H-M-L) (e.g. carbon payment, timber sales, fuelwood, NTFPs, control of soil erosion, tourism & recreation….)   Choose one benefit card and decide whether to use H, M or L values and then quickly calculate the potential returns on REDD+ per area, using this new value.  How has this changed your prioritization? (15 mins)   1. Finally, you will receive another map with some non-economic information about the landscape:  * Poverty rates in the landscape, and * Habitats for endangered species.   Decide if you will change the areas prioritized for REDD+. For example, do you choose areas where a smaller REDD+ benefit would have more impact for a poorer person? Or do you prioritize the larger overall benefit, wherever it occurs? Or do you consider poverty a risk for REDD+ implementation? (10 mins)   1. Mark your final prioritized areas in red, and note which PAMs will be implemented. Each group reports back briefly on their prioritization. What factors played the biggest role in their prioritization of areas for REDD+? What type of information would have been useful to them that was missing? (10 mins) 2. Optional discussion questions:  * What has been your experience of using economic studies in your countries, if any? * What do you think are the main challenges in using economic studies to inform REDD+ planning? * Is valid to leave out some potential costs/benefits from the decision-making process when data are not available? What other types of analysis or approaches could be used instead? | |

Materials:

1. Handouts
2. Base map with forest areas and DFD rates x 6 (A3)
3. PAMs cards: 18 (mix of 5, 3 per group)
4. Total budget per group
5. Benefit cards with values range (carbon payment, timber sales, fuelwood, NTFPs, control of soil erosion, tourism & recreation)
6. Slide showing poverty rates per area and location of endangered species habitats
7. Tape & one board at front
8. Pencils, working paper – red markers for final decision