Quickest, cheapest climate action: it just takes 1%

Briefing Document for Members of the UK Parliament

Executive Summary

Direct and unconditional cash transfers to people living in the rainforest are the cheapest and most effective way to address the polycrisis of climate, biodiversity and poverty. With recent cuts to its Overseas Development Assistance (ODA), the British Government must deploy 1% of its earmarked International Climate Finance to these transfers. As well as achieving a step change in the impact of these funds, this act will help reassert Britain's leadership in climate action.

Dramatic global cuts to carbon emissions represent a daunting challenge. They require the orderly phase-out of fossil fuels and new technologies. Some of these have momentum (solar generation, electrified transport, nuclear), others remain at a design stage (carbon capture and storage).

Underlying every targeted reduction is a single assumption: that rainforest and other land-based ecosystems will continue to take up 25% of global emissions (1). Without that take-up, climate actions become futile. And yet the scale of rainforest loss broke all records in 2024.

Rainforest destruction is driven by many factors in many contexts. A simple, proven, cost-effective and scalable intervention exists nonetheless to conserve rainforest that achieves a greater impact than any other intervention. This is cash funding to Indigenous Peoples and local communities.

Climate charity Cool Earth and others have demonstrated how this mechanism has all but eradicated forest loss in the partnerships from the Amazon and Congo Basins to New Guinea Forests. Cool Earth is advocating for the UK Government to allocate 1% of its International Climate Finance (ICF) budget (c. £115 million) to direct payments to local communities who protect the world's rainforests. As an annual investment, this would prevent 33 million tonnes of carbon from being released into the atmosphere, the equivalent of Greater London's annual emissions.

By investing 1% of its International Climate Finance in direct cash transfers, the UK will achieve a much greater impact at a much lower cost, address a wide range of Sustainable Development Goals and continue to cement its leadership on the global stage.

Objectives

- Provide a cost-effective approach to tackling climate change whilst navigating a complex geopolitical context (aid cuts, defence budgets).
- Work bilaterally with rainforest nations to value the climate services their citizens provide.
- Scale an initiative that delivers immediate and tangible climate, nature and social outcomes.
- Utilise the ring-fenced ODA budget in the most cost-effective way to demonstrate the UK's willingness to continue addressing climate change.
- Create a transparent funding mechanism for rainforest protection that delivers unconditional payments to communities and individuals with an unrivalled record of keeping forests standing.
- Promote an alternative to market-based initiatives.
- Propose that a portion of the UK's ICF budget is transferred directly and unconditionally to communities, households or individuals in rainforest communities.
- Offer an opportunity for the UK Government to innovate and consolidate its leadership on the world stage regarding the pressing issues of climate change and biodiversity loss.

Pictured: Indigenous communities in a forest fire prevention and response workshop. Cool Earth and CARE lead the PAAMARI project to prevent forest fires and promote Indigenous knowledge in fire prevention.

Background

The UK Government has committed £11.6 billion in International Climate Finance for the period 2021/22 to 2025/26, with a significant portion dedicated to nature protection. Of this, £3 billion is earmarked for nature-related initiatives, and £1.5 billion is specifically allocated for forest preservation. Despite recent cuts to Overseas Development Assistance, the ring-fenced ICF demonstrates the UK's willingness to keep the fight against climate change high on its list of priorities.

The survival of the world's tropical rainforests is critical to mitigating climate change. These forests are responsible for 23% of the climate mitigation needed to prevent further global warming (2). If we are to combat the climate crisis effectively, the UK must prioritise rainforest protection as a central and competitive element of its climate finance strategy.

However, the current financial instruments in place, such as carbon and nature credits, have repeatedly failed to create effective emission reductions and benefit the frontline communities who already protect 54% (613 million hectares) of the world's remaining intact forests (3). This is largely due to the bureaucratic nature of these systems, where 75% of funds are spent on overheads (4), leaving little to directly support the communities involved in conservation efforts.

Cool Earth, a non-profit organisation dedicated to rainforest preservation, has demonstrated over 18 years that unconditional direct cash payments to Indigenous communities are a more cost-effective and impactful solution. Through its approach, Cool Earth has successfully ensured that 99% of the two million acres of rainforest under its protection remain intact while providing Indigenous communities with economic security.

Evidence Base

1. The evidence that Indigenous Peoples and local communities are invaluable forest protectors is compelling and widely supported. As published in Nature (2021)(5), their lands are estimated to store approximately 33.6% of the world's irrecoverable carbon. Communities that have worked with Cool Earth for over 15 years continue to experience forest loss rates as low as 0.05% per year (1% over 20 years), as demonstrated by satellite analysis (6). Similarly, a study published in Nature Sustainability (2022)(7) revealed that lands managed by Indigenous Peoples had, on average, 2.5 times lower deforestation rates than other lands, particularly in tropical forest regions.

2. Unconditional and direct cash transfers emerged in the mid-2000s and have since received significant attention as a result of their ability to address a range of socio-economic issues, such as greater economic security, an increase in school attendance, and food security, among many other outcomes (8). On the basis that Indigenous and local autonomy is a precondition to successful ecosystem protection, the Cool Earth model is demonstrating that unconditional cash payments to these communities are an invaluable asset to address environmental issues (9).

3. In one of its Top 25 papers of 2024, Nature Communications Earth & Environment (10) reveals that while Indigenous Peoples and local communities' territories generally experience lower deforestation rates, these lands are increasingly vulnerable to the impacts of climate change, as well as external threats such as illegal mining, logging and agricultural expansion. Protecting these areas is essential for preserving biodiversity and mitigating climate change.

4. Whilst global climate finance flows continue to reach record levels year-on-year ($1.5 trillion in 2024), deploying those investments to areas where they will matter most continues to be the most significant issue, with reports suggesting that as little as 2.1% of global climate finance reaches frontline communities (11).

5. According to the graph(s) on the following pages, unconditional funding in the context of socio-economic pressures and carbon-rich lands held by Indigenous Peoples and local communities, streamlines efficiency and rapidity, eliminates bureaucracy and provides flexibility to address shifting needs and dynamics.

6. In comparison with numerous other conservation interventions, a direct payment in combination with light infrastructure, ensures that 95p in every pound reaches the forest floor, offering scalable opportunities for impact.

Evidence Base

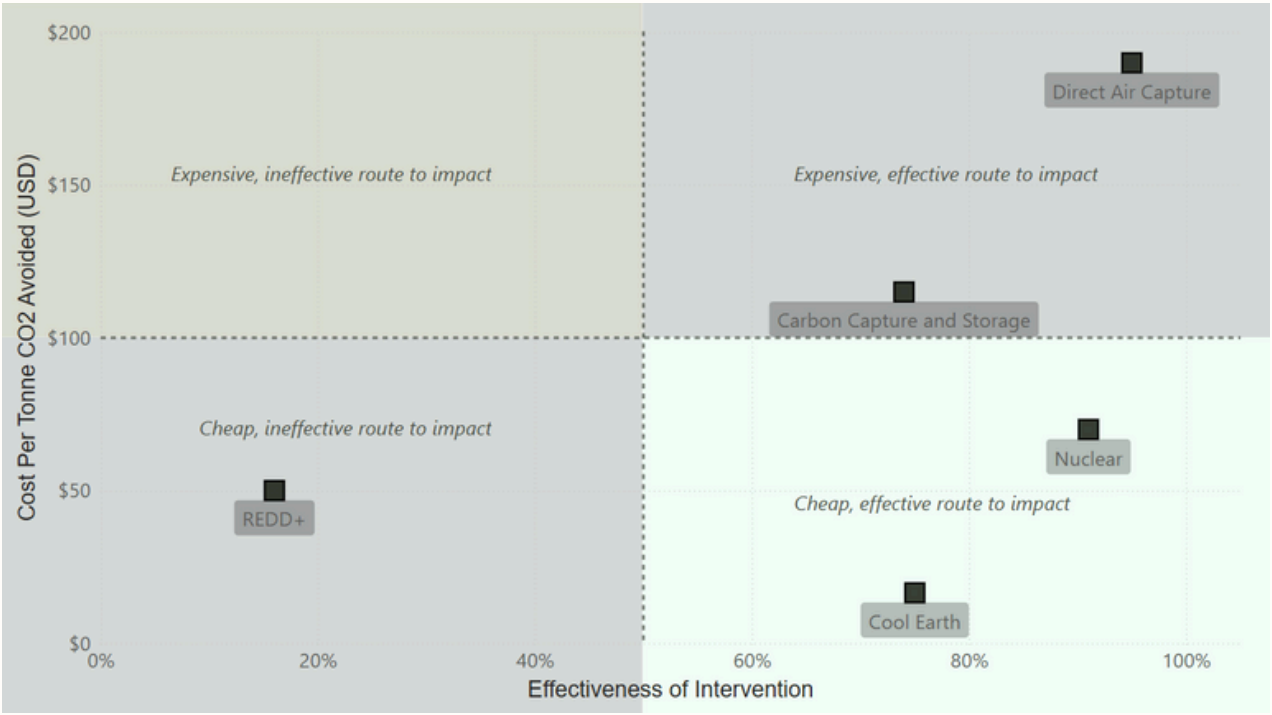

Figure 1: Cost-effectiveness comparison: cost per tonne of CO_2 avoided (USD) across mitigation strategies.

Strategy		CO_2 Reduction Potential	Cost per Tonne CO_2 Avoided ($)	Key Challenge	UK Investment
UK Domestic Net Zero solutions	**Nuclear power**	**Very high**	**$40–$100**	High upfront cost, long development time, cost of waste storage and disposal, (60+ yrs lifespan)	**£1.3 billion** total so far for Sizewell C (potential total costs of £40bn overall)[11] (Hinkley Point C expected total cost of up to £46 billion)[12]
	CCS (Carbon Capture & Storage)	**High**	**$80–$150**	Expensive; energy-intensive; technology is still in its infancy, (20-40 yrs lifespan)	**£880 million (£22 billion over the next 25 years)** [13]
UK's International Climate Finance (total - £11.6bn): For Nature-based solutions: £3bn For rainforest protection: £1.5bn	**Rainforest protection with REDD+ (SCALE) High integrity carbon markets**	**Highly variable**	**$30-$50** [14]	Leakage; Greenwashing; Incidents of human rights violations, harm and abuse to IP&LCs . Lifespan variable depending on project.	**£188 million**
	Unlocking private investment in sustainable forest enterprises in the tropics	**Unknown**	**Difficult to quantify**	Vulnerable to market volatility and difficult to achieve impact instantly and at scale	**£48 million**
	UNFCCC to help countries protect their forests	**Highly variable**	**Difficult to quantify**	Highly bureaucratic	**£3 million**
	Cool Earth's Direct unconditional funding to indigenous peoples and local communities	**Very high**	**Up to $17 per tonne ***	More evidence on unconditional cash transfers for conservation needed, in the context of IP&LCs lands. (100+ yrs lifespan)	**Hypothetical £116 million**

Table 1: Examples of UK Government strategies for climate change mitigation, highlighting costs per tonne of CO_2 avoided (USD) and key challenges for each strategy. See final page for assumptions behind Cool Earth's cost per tonne CO_2 avoided calculation.

Recommendations

Whilst investments in nuclear and carbon capture and storage are necessary, similar funding opportunities should be mobilised to promote non-market-based, tried and tested initiatives that halt deforestation and protect natural carbon sinks immediately and at a competitive price.

Cool Earth has spent the past 17 years trialling this initiative and building a network of trusted organisations that support Indigenous and local communities with cash payments. This established network is vital for achieving the scale needed for durable rainforest protection.

The initiative's inception has been funded by philanthropic supporters. Its long-term funding is envisaged to come from pledges by high-income nations to the New Collective Quantified Goal (NCQG) set at COP29 (15), the proceeds of businesses imposing an internal carbon tax on their operations and institutional funding. This will be leveraged through the body of evidence on unconditional cash transfers and the contribution of Indigenous Peoples and local communities to the protection of the world's forests.

The few no-strings cash projects in operation in Peru, Papua New Guinea, Cambodia, Malawi and Colombia need to be scaled in cooperation with Indigenous communities and organisations, local and national governments, the business community, and research institutions.

The impact of this approach needs to be monitored using a combination of community-level evaluation methodologies and advanced satellite analysis.
Cool Earth's direct cash payments model has already demonstrated its success, enabling Indigenous communities to resist external threats to their territories without relying on carbon and nature credit schemes.

Pictured: The buttress roots of a rainforest tree in the community of Wabumari, Papua New Guinea.

Conclusion

In light of the UK's climate finance commitments, there is a unique opportunity to direct a portion of these funds toward empowering Indigenous communities who are essential to the protection of rainforests. By allocating 1% of climate finance towards direct cash payments, we not only ensure the survival of vital ecosystems at an extremely low cost but also strengthen the livelihoods and rights of those who are at the forefront of the climate crisis.

With the window for climate action closing rapidly, we must embrace new and cost-effective approaches to climate finance. By doing so, we can achieve meaningful climate stabilisation and adaptation.

We urge MPs to consider this proposal and act swiftly to ensure that the UK's climate finance commitments deliver real, lasting impact for both people and the planet.

Pictured: A Cool Earth forest monitor in the Peruvian Amazon. Made up of local Indigenous community members, these teams map wildlife and plants, share knowledge locally, and manage data using tablets and GPS devices.

References

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6. Satellite analysis from two sources across 20 years:
    a. 2000 dataset, Science (2013)
    b. 2020 dataset, Remote Sensing of Environment (2023)
7. ‘Reduced deforestation and degradation in Indigenous Lands pan-tropically’, Nature Sustainability, Sze et al. (2022)
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9. ‘Mid-term evaluation of the pilot: “Reciprocity facing the climate crisis: Empowering Indigenous autonomy”, OMIAASEC, ONAMIAP, Cool Earth (2025)
10. ‘Indigenous Peoples and local communities report ongoing and widespread climate change impacts on local social-ecological systems’ Nature Communications Earth & Environment, Reyes-García et al. (2024)
11. ‘Despite progress, small share of climate pledge went to Indigenous groups: report’, Mongabay, (2023)
12. ‘Cost of Sizewell C nuclear project expected to reach close to £40bn’, Financial Times, (Jan 2025)
13. ‘UK pledges £22bn in funding for carbon capture and storage projects’ Financial Times, Millard & Pickard, (Oct 2024)
14. ‘Pricing Forest Carbon’ United Nations Environment Programme (2023)
15. ‘COP29 UN Climate Conference Agrees to Triple Finance to Developing Countries, Protecting Lives and Livelihoods’ United Nations Climate Change, (Nov 2024)

Evidence Base Assumptions

Assumptions behind Cool Earth’s Cost per tonne CO_2 avoided ($) value:

1. Based on annual deforestation rates in the 23.5 million hectares of most at-risk Indigenous-owned forests in the Amazon between 2019 and 2023 (1.34%).
2. Target deforestation rate with intervention would be the average for Indigenous Peoples and local communities in the Amazon (0.14%), providing an avoided deforestation of 1.2% annually.
3. Carbon density in forests of 118.2 tonnes per hectare (around average for the Amazon).
4. The cost per tonne of carbon could be decreased/improved by:
    a. The expected increased pressure on Indigenous peoples and local communities in the coming years (a growing deforestation rate in the counterfactual)
    b. The targeting of higher carbon forests in high-risk areas

Figure 1. Assumptions

A recent paper published in Nature suggests that only 16% of all carbon offsetting projects have shown real emissions reduction. For avoided deforestation, the authors conclude only 25%. As such, we have times the cost per tonne of CO2 for REDD by four. What this graph does not show is the time it takes for REDD+ to deliver impact, given some never do.

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