**UN-REDD Programme**

**UN-REDD/EB2/11**

**Second Executive Board meeting**

**Rome, Italy**

**18-19 October 2018**

**Information Note**

**Background on Finance Facilities and International Transactions on REDD+**

**Introduction**

* This session will share with EB members latest developments on public-private partnerships in protecting forest and sustainable land use.
* There is a growing need to develop and test innovative models to catalyse the participation of private sector in sustainable land use. The financial needs to fully implement REDD+ are substantial and while public sector financing (governments; multilateral organizations) is of critical importance, it is also not sufficient. Without the participation of the private sector, it is unlikely we will reach the scale we need.
* The bulk of investments is clearly misaligned with forest protection and sustainable land use. While forests and agriculture hold more than 30% of the climate solution (in terms of providing feasible and cost-effective mitigation options), these areas receive less than 3% of public funding for climate.
* UN-REDD is working on several avenues of collaboration with the private sector. One is the establishment of finance facilities, which are platforms to finance sustainable land use. A second is the forthcoming aviation market, which may accept REDD+ emission reductions. Finally, and closely linked to the previous one, there is the development of platforms to facilitate the participation of private sector in REDD+ transactions.

**Some emerging models to diversify and increase financing for sustainable land use**

* The Tropical Landscape Finance Facility (TLFF) is an example of a public-private partnership for sustainable land use. The TLFF is facilitated by UN Environment and involves private sector (Michelin; Barito Pacific Group), private finance institutions (BNP Paribas; ADM capital), multilateral organizations (USAID; GCF) and civil society. This partnership has secured financing for 90 million USD and a second trach for 130 million is under development.
* An even more transformative facility is being set up in Andhra Pradesh, India. In collaboration with the government and private sector (BNP Paribas), it is expected to unlock 2.3 billion during the next 6 years for sustainable land use.
* The forthcoming aviation market (CORSIA) is another example of an emerging opportunity. It is estimated that the aviation sector will require 2.7 billion offsets between 2020 and 2035 and forests could meet part of this demand. Price, transaction costs of participating in the market and national vs international accounting of emission reductions will be important issues.
* Closely linked to the aviation market will be opportunities coming from private sector demand for forest offsets. Several leading companies are setting ambitious plans for emission reduction including the use of offsets. Sufficient assurances of offset´s environmental integrity as well as a platform to facilitate transactions between supply and demand will be key for success.

**The roadmap ahead**

* The type of models described above can help diversify and increase financing options for developing countries. However, knowledge and familiarity will be key to make the most out of these opportunities. UN-REDD, as part of its global knowledge management component, is already investing time and resources to facilitate their adoption by interested countries. This EB session will present some of this work.

\*\*\*\*\*