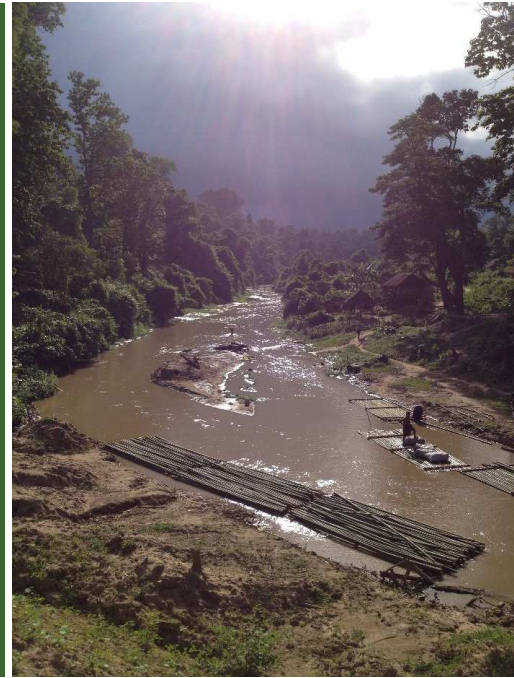


REDD+ Finance



Issue 1: REDD+ finance is not just results-based payments

Key Lessons

- In order to receive international results-based finance, **investment finance** is required to implement PAMs as well as for capacity building;
- To move towards results-based finance as rapidly and efficiently as possible, countries should develop a comprehensive financing plan, identifying sources of both investment and results-based finance;
- A high quality integrated financing plan is supported by analyses of drivers, comprehensive financial and economic assessments of potential PAMs, and the preparation of a NS/AP that enjoys broad stakeholder ownership.

Issue 2: REDD+ investment finance is not necessarily international

Key Lessons

- Many PAMs for REDD+ may not be new;
- Existing PAMs should be strengthened and complemented, often through a more cross-sectorial vision so as to be transformational, and financed from domestic budgetary sources;
- Countries also need to consider financial incentives that may stimulate deforestation, and how these can be adjusted to reduce negative impacts;
- Not all PAMs come at an additional cost – for example, India's transfer payments modification;
- Focusing only on international sources of investment finance deflect focus from existing PAMs which may require relatively minor adjustments in order to generate results.

Issue 3: Working with the Green Climate Fund (GCF)

Key Lessons

- In order to adequately address the demanding requirements of a GCF proposal for investment finance, it is critical to use and build on processes and analytical work from the REDD+ Readiness phase;
- Work on developing a GCF proposal is demanding and time-consuming, meaning that adequate human resources need to be dedicated to the process;
- The accreditation process for direct access to the GCF is demanding

Issue 4: Other international sources of investment and results-based finance

Key Lessons

- In preparing for the FCPF C-Fund, the SESA process may take longer than expected because of the need to mobilize experts, and the need for broad stakeholder consultations and engagement; and
- Mobilizing international support is easier if all existing initiatives, funded from Official Development Assistance (ODA) and other sources, are coordinated. Good coordination among stakeholders at the national level is also essential

Issue 5: The role of the private sector

Key Lessons

- Establishing an effective partnership with private sector entities which may be driving deforestation or forest degradation can be a lengthy process;
- Incentive systems for agricultural crops established by line ministries may have negative impacts on forests;
- Market mechanisms might evolve (e.g., higher oil palm sustainability standards from Europe), but overall commodity demand isn't going to diminish. Therefore, we need to move markets towards more sustainable operating models;
- Voluntary market projects can be expensive and time-consuming to develop

Issue 6: Managing REDD+ finance

Key Lessons

- “Form follows function”, so before developing any fund management model, countries must understand what they will be doing. A robust theory of change behind the fund convinces donors to invest.
- In considering whether to establish a national REDD+ fund, broad consultations with line ministries and other stakeholders from an early stage are absolutely necessary;
- By engaging with line ministries at an early stage, it is easier to secure seed funds from the national budget to cover costs during the initial years of operations