

The background of the entire page is a photograph of a dense forest with sunlight filtering through the trees. Overlaid on this are several semi-transparent green circles of various sizes, some of which contain smaller, slightly different views of the forest, creating a layered, organic effect.

REDD+ and Sustainable Forest Management

FINANCING AND POSSIBLE SYNERGIES

Key messages



Key Messages



There is significant potential to establish greater levels of coordination and synergy between finance for REDD+ and for Sustainable Forest Management (SFM).

While efforts are being made in some countries in the region to link REDD+ and SFM, most of these efforts are still in their early stages. An example of this linkage can be seen in Guatemala, with PINFOR (Forest Incentives Program of the State of Guatemala) and PINPEP (Program of forest incentives for holders of small tracts of land with a forestry or agroforestry vocation). Opportunities to explore ways of complementing national REDD+ processes with SFM are available, particularly during the development of financial strategies and/or investment plans.



Financing strategies for REDD+ and SFM can complement each other.

The survey of REDD+ and SFM focal points in the region shows that financial strategies for SFM have focused mainly on finding domestic sources of funding such as taxes and levies. The REDD+ financial strategies analyzed focus on accessing international financing such as grants for readiness and implementation and on unlocking results-based payments, amongst others.



Despite increasing funding for REDD and SFM, it remains orders of magnitude smaller than funding that can contribute to deforestation and to the unsustainable use of forest resources.

Financing that can contribute to the expansion of the agricultural frontier is several times greater than financing for REDD+. In Ecuador, for example, the amount of financing available in 2015 via agricultural credits was 219 times greater than that available for REDD+, and state investment in cattle ranching programmes was 26 times greater. As countries develop their investment plans, it is important to assess the feasibility of approaches that rely on the compensation of opportunity costs.





REDD+ and SFM must be coordinated at sectoral level.

Integrating SFM and REDD+ objectives requires inter-sectoral coordination, particularly amongst ministries responsible for productive sectors (e.g. agriculture, livestock, mining, planning and finance). Usually the mandates of the ministries of Environment, which often lead both SFM and REDD+ processes, are restricted and therefore limit the effective implementation of REDD+ and SFM. There is also a need for greater internal coordination, as focal points for REDD+ and SFM are not always within the same units within ministries, which can lead to fragmentation or duplication of activities.



Domestic financing can be a significant source of funding for REDD+ and SFM implementation.

It is necessary to examine budgets targeted for land use in general and for the forest sector in particular. Tools, such as Climate Public Expenditures and Institutional Reviews (CPEIR) can help identifying public spending compatible with SFM and REDD+. These tools can also provide an enhanced communication channel across ministries and support planning efforts aimed at promoting SFM and REDD+ objectives.



National development banks can offer opportunities to leverage financing for SFM and REDD+ activities.

Several national development banks in Latin America and the Caribbean have lines of credit and financial products for the forestry sector that can be leveraged to drive SFM and REDD+ objectives. It is also possible to work with national development banks to integrate environmental considerations in general, and forest conservation in particular, into their credit operations within the agricultural sector. The Corporación Financiera Nacional of Ecuador provides loans with favorable conditions attuned to the needs of forest enterprises as well as for non-timber forest product businesses that are linked to the forest incentive programs promoted by the Ministry of Agriculture, Livestock and Fisheries. The Banco de Desarrollo Agropecuario of Panama has developed sectoral guides to reduce the environmental impacts of cattle ranching in the country and to promote more sustainable production models, including silvopastoral systems. Similar schemes can be explored in other countries.



There are specific public interventions that can improve the competitiveness of more sustainable business models in the forestry sector.

Some examples are: streamlining procedures for forest enterprises, incentives for the development of wood processing industries, better enforcement against illegal logging, fire control, and research on seeds and seedlings to improve pest resistance, improve production levels and obtain a better quality product.



A joint initiative by:

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