

Overview of REDD+ Financing

UN-REDD/FCPF Regional Knowledge Exchange

REDD+ Financing

25-27 May 2016, Bangkok



What is **UNIQUE** about REDD+?

Climate
Change

Remote
Sensing

Social and
Environmental
Safeguards

Land Use
Planning

Forest
Management

International
Financing
Mechanism

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What guidance is there on REDD+ Financing?

- **Lots of progress on the technical side** of REDD+ (incl. Warsaw Framework)
- **Still uncertainties regarding financing:**
 - How much? Where from?
 - When will it come?
 - How will it work?



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Financing Decision in the Warsaw Framework

- Results-based finance will have many sources
- GCF the most significant financing entity
- Maximise number of countries with access to results-based finance
- Transparent information on results-based finance (Info hub)
- Non-carbon benefits should be incentivised (but not linked to results-based finance)
- Need to increase forest sector finance in general

FCCC/CP/2013/10/A44.1

Decision 3/CP.19

Long-term climate finance

The Conference of the Parties,

Recalling Articles 4 and 11 of the Convention,

Further recalling decisions 4/CP.18, 1/CP.17, 2/CP.17 paragraphs 126–132, and 1/CP.16 paragraphs 2, 4 and 98–101,

1. *Takes note* of the co-chairs' report on the outcomes of the extended work programme on long-term finance;¹
2. *Underlines* the urgency of implementing commitments related to financing and transfer of technology under the Convention;
3. *Recognizes* the commitment undertaken by developed country Parties to a goal of mobilizing jointly USD 100 billion annually by 2020 to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation;
4. *Also recognizes* the importance of providing clarity on the level of financial support that will be provided by developed country Parties to developing country Parties to allow for enhanced implementation of the Convention;
5. *Acknowledges* the pledges and announcements made by developed country Parties since the eighteenth session of the Conference of the Parties, including the financial contributions that have been made to the Adaptation Fund in 2013 fulfilling the Adaptation Fund Board's fundraising goal of USD 100 million;
6. *Requests* Parties to enhance their enabling environments and policy frameworks to facilitate the mobilization and effective deployment of climate finance;
7. *Urges* developed country Parties to maintain continuity of mobilization of public climate finance at increasing levels from the fast-start finance period in line with their joint commitment to the goal of mobilizing USD 100 billion per year by 2020 from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources, in the context of meaningful mitigation actions and transparency of implementation;
8. *Calls* on developed country Parties to channel a substantial share of public climate funds to adaptation activities;
9. *Recalls* that a significant share of new unilateral funding for adaptation should flow through the Green Climate Fund;
10. *Requests* developed country Parties to prepare biennial submissions on their updated strategies and approaches for scaling up climate finance from 2014 to 2020, including any available information on quantitative and qualitative elements of a pathway, on the following:
 - (a) Information to increase clarity on the expected levels of climate finance mobilized from different sources;
 - (b) Information on their policies, programmes and priorities;

¹ FCCC/CP/2013/7.



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A good time to talk about REDD+ financing

- **Significant progress:**
 - Paris Agreement in place
 - GCF established and operational
 - Countries entering implementation ↗: putting pressure
- **Pending questions:**
 - in UNFCCC (e.g. role of private sector/markets),
 - requirements from GCF to access RBPs, etc.



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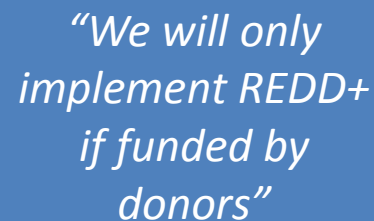
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What kinds of 'Financing' should we discuss?

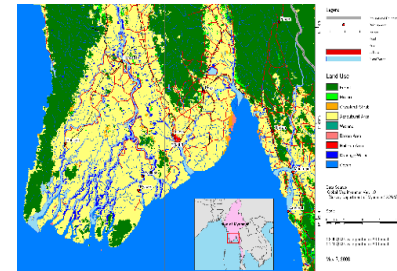
- **REDD+ Results-based Finance** – from international sources: the key to REDD+, but only in **'Phase 3'**
 - UNFCCC: *“Policy approaches and **positive incentives** on issues relating to [REDD+] in developing countries”* = additional resources for the country
- **For 'Phase 2':** implementation of REDD+ Strategy or Action Plan:
 - **Investment (ex-ante) finance:** public, private, bilateral, multilateral e.g. GCF (not just about RBPs), FIP, bilateral (Norway), etc
 - **Align with domestic investment:** Much existing domestic finance is already relevant to REDD+, including non-forest sectors
 - **RBPs as a 'return on investment':** REDD+ as an opportunity
- Commonly-held misperceptions must be addressed:



“We will only implement REDD+ if funded by donors”

How much REDD+ finance will we need?

- **Implementation costs** – costs directly associated with actions to reduce deforestation, forest degradation, or enhance carbon stocks
- **Transaction costs** – arise from the needs for information (for example, operating the NFMS; operating stakeholder engagement mechanisms)
- **Opportunity costs** – the costs of foregone alternative land uses (e.g. profits from agriculture for land maintained as forest)
- **REDD+ is not in isolation from existing initiatives in and outside forest sector, but integrated** -> Opportunities for
 - wider financing streams
 - more impact -> more RBPs



Key messages:

- **REDD+ finance** includes “Investment finance” / RBPs
- **Sources of REDD+ finance should be many and diverse:**
 - **Public / Private, International / Domestic** (REDD-relevant)
- **Countries are already “implementing” REDD+ activities**
 - **We haven’t been calling them ‘REDD+ activities’ because there have not been any RBPs**



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