

Scaling up finance for REDD+

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Contents of the presentation

1. Background;
2. Innovative public-private models for financing
3. Finance facilities
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5. The aviation market
6. Facilitation of international REDD+ transactions

Financing sustainable land use in context

Budget land use-related
climate finance (2014)

USD
5,8
billion

Investments in
soft commodity
production

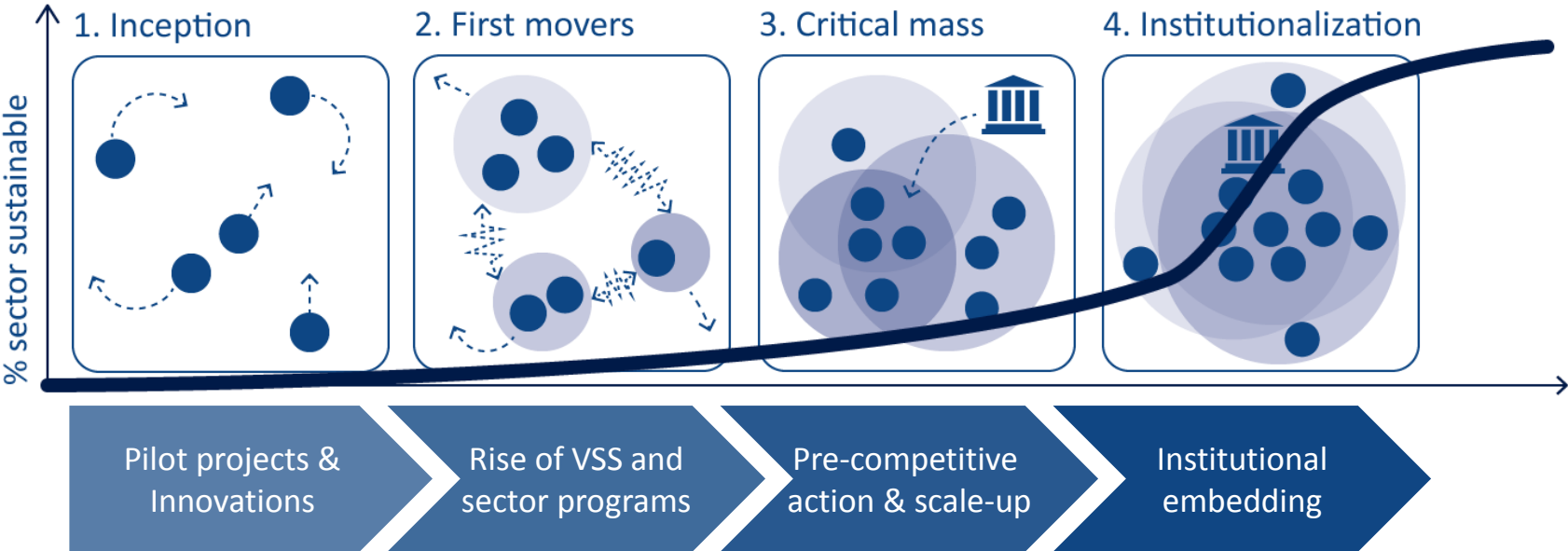
USD 1.7
trillion

Annual export
trade soft
commodities

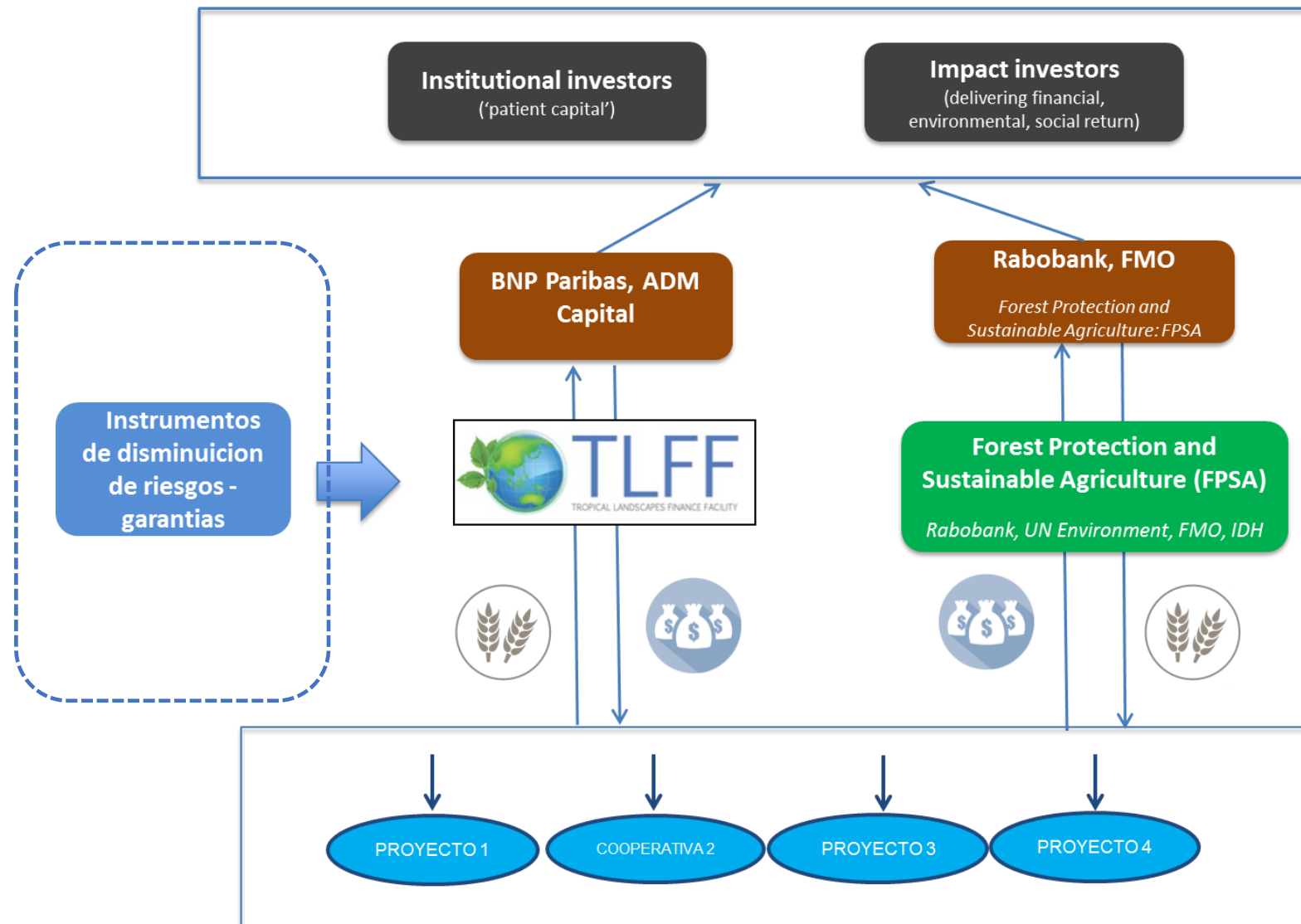
USD 92-
137
billion



Scaling up finance



Innovative models: P-P partnerships



Innovative models: the TLFF



- BNP Paribas, ADM Capital, UN Environment and Indonesian government
- Deforestation, livelihoods (income): Possible for a bank to make money?
- New agri-lending model: apply zero-net deforestation to the finance sector
- BNP Paribas 1e bank to make a zero net deforestation commitment to their lending activities
- First deal closed and issuance of 1st Green Bond tied to conservation of tropical forests
- Second tranche under development
- Several countries interested to replicate this model.

Partnering with the banking sector

- **Officially launched** during the WBCSD Council on 17 October 2017 in Mexico City.
- Goal is to set up a **USD 1 billion credit facility**, with Rabobank providing senior debt and UN Environment aiming – together with partners - to facilitate access to credit guarantees, junior subordinate debt and grants.
- Leveraging public funding to unlock and scale up private finance for sustainable land use, particularly agricultural commodity production that is decoupled from deforestation is key to achieve the **Paris climate agreement, the Bonn Challenge and the SDGs**.
- Initial focus of the partnership is to finance deforestation-free agricultural production in Brazil (beef/soy), West Africa (cocoa), South-East Asia (rice) and Indonesia (palm oil).
- The partnership act as an example that there is **demand from a large, mainstream private finance institution to change agricultural lending**, by reducing adverse environment & society effects and contribute positively to the SDGs.



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CORSIA

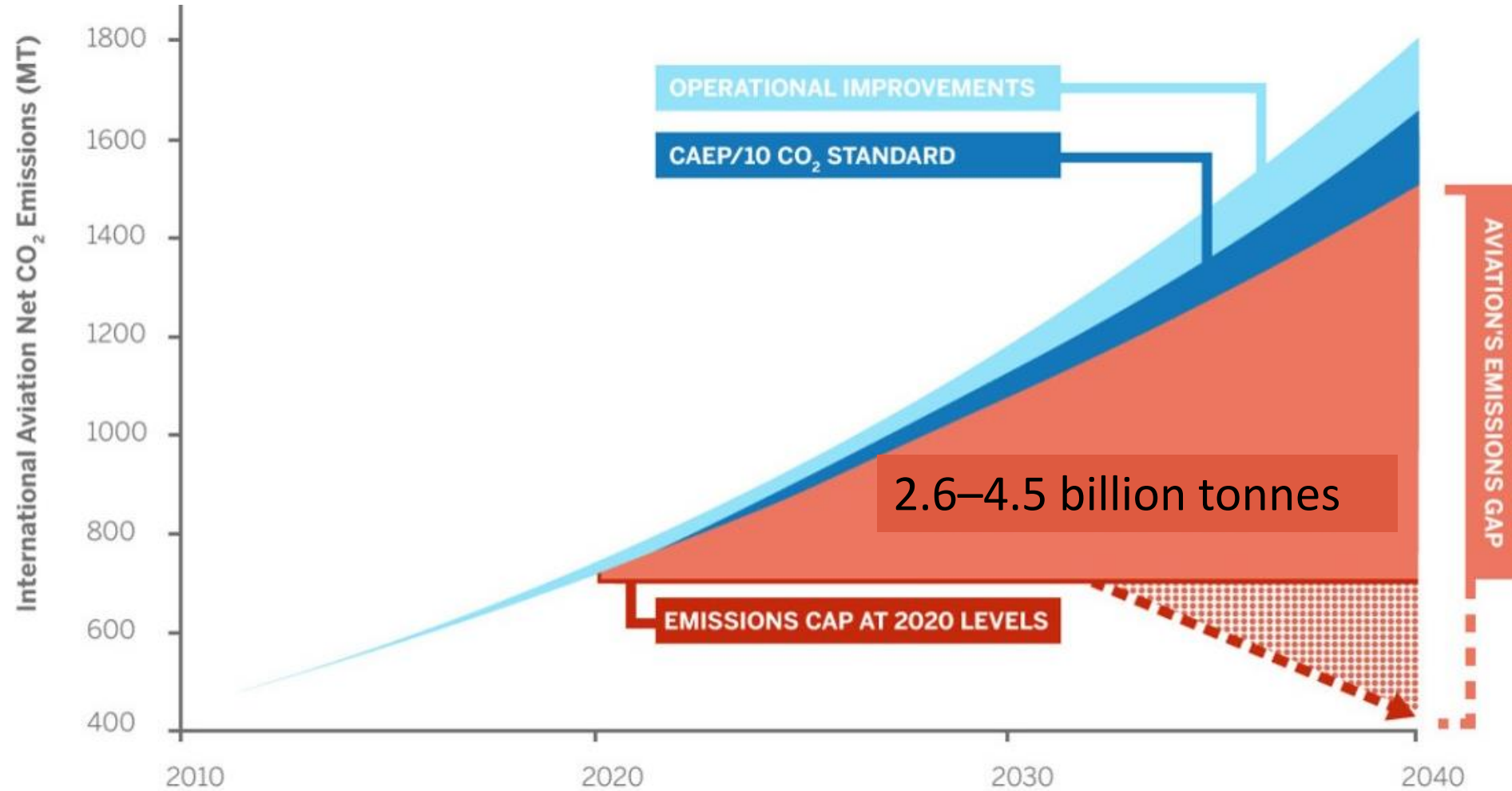
Context

CORSIA: limit net emissions to 2020 levels

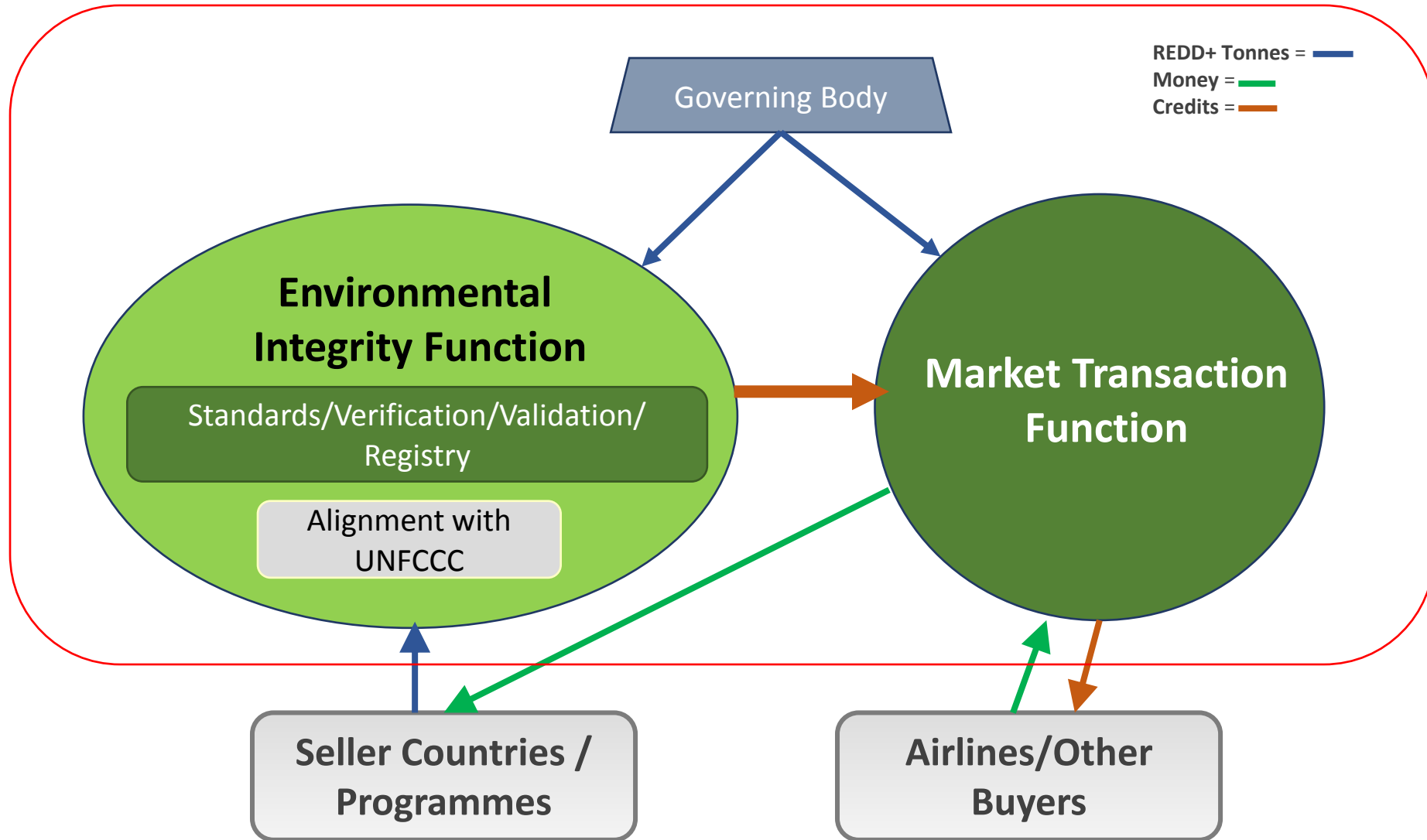
Aviation Industry & Emissions Reduction

- Aviation ~2% of global CO₂ | A top-ten emitter
 - Historically, most flights to/from/within OECD
 - Emissions slated to treble in coming years, with biggest growth in flights to/from/within non-OECD
- **1996:** UNFCCC tries to figure out how to tackle “international bunkers” (ships & aircraft)
- **1997:** Kyoto Protocol gives lead to ICAO, IMO
- **2016:** ICAO Assembly adopts the [“Carbon Offsetting and Reduction Scheme for International Aviation” \(CORSIA\)](#)
 - help international aviation “carbon neutral growth from 2020” (limit net emissions to 2020 levels)
 - Dates: January 1, 2021-December 31, 2035
 - Airlines to purchase and cancel emissions units that meet Emissions Units Criteria (EUC)
 - Standards & Recommended Practices (SARPs) expected to receive full approval by October 22nd.

The size of the aviation carbon market



Facilitation of REDD+ transactions



Main messages

- Public funding is important but unlikely to be enough;
 - The financing of renewable energy provides important lessons for other sectors;
 - Blended finance is an important, though intermediate, step towards gaining scale;
 - UNREDD is working on several financing models with private and public participation (e.g The Tropical Landscape Finance Facility);
 - Application of social and environmental safeguards;
 - Emerging financing opportunities from international REDD+ transactions (e.g. aviation market; other REDD+ transactions)
-

An aerial photograph of a waterfall cascading over mossy, brownish rocks into a dark, deep pool of water. The water is turbulent and white with foam as it falls. The surrounding rocks are covered in green moss and lichen. The overall scene is lush and natural.

Thank you!

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