

## Financing options for REDD+

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# REDD+ implementation

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- REDD+: policy approaches and positive incentives for activities relating to reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
- REDD+ is ready to go!
- Paris Agreement (art. 5) + completed set of COP decisions
- International requirements to be fulfilled
- National priority
- REDD+ in the (I)NDCs



## Decision 1/CP.21, paragraph 54

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- Recognizes the importance of adequate and predictable financial resources, including for results-based payments, as appropriate, for the implementation of policy approaches and positive incentives for reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks; as well as alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests; while reaffirming the importance of non-carbon benefits associated with such approaches; encouraging the **coordination of support from, inter alia, public and private, bilateral and multilateral sources, such as the Green Climate Fund, and alternative sources in accordance with relevant decisions by the Conference of the Parties;**

# REDD+ implementation

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## 5 activities:

1. Reducing emissions from deforestation;
2. Reducing emissions from forest degradation;
3. Conservation of forest carbon stocks;
4. Sustainable management of forests;
5. Enhancement of forest carbon stocks;

# REDD+ implementation: experience so far

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- 1 country fulfilled UNFCCC requirements
  - a) National strategy or action plan;
  - b) National forest reference emission level (FREL) and/or forest reference level (REL);
  - c) Robust and transparent national forest monitoring system (NFMS);
  - d) Safeguard information system (summary)
- 15 more to go

# REDD+ financing

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- Aggregate pledges and investments: around 9 billion USD (2006-2014)
- Public Finance (90%): Green Climate Fund, international institutions and **bilateral funding**
- Private finance: market based instruments and others
- Private foundations
- (domestic investments)

# REDD+ financing: lessons learnt (I)

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- UNFCCC Technical Paper 'Financing options for the full implementation of results based actions relating to the activities referred to in decision 1/CP.16, paragraph 70, including related modalities and procedures' (July 2012)
- UNFCCC - Report on the workshop on financing options for the full implementation of results-based actions relating to REDDplus, including modalities and procedures for financing these results-based actions (October 2012)
- Public funding insufficient
- Forest rich countries attracting majority of resources
- Need broad recognition REDD+ credits
- Private finance supplemental
- Despite all initiatives in place, disbursements still relatively low or limited
- Current reference levels often aspiration/policy driven

# REDD+ and the GCF: OPERATIONALIZATION OF RBF (I)

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- Initial Logic Model for REDD+ results-based payments (Nov 2014)
- Currently developing modalities for transferring results-based payments (operationalization)
- Decision B.12/07, September 2016
- Results based finance (RBF)
- Results based payments (RBP)
- REDD+ results as mitigation outcomes



## REDD+ and the GCF: OPERATIONALIZATION OF RBF (II)

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- Elements requiring Board consideration and guidance
  - Scale of intervention
  - Access modality
  - Financial valuation of results
  - Funding allocation
  - Operationalization of the Cancun safeguards
  - Forest reference emissions levels/forest reference levels
  - Double financing
- Short period of pilot experimentation focusing on:
  - RBF Elements Testing Proposals (i.e., financing based on agreed milestones supporting activities in phase 2 that facilitate country transition to phase 3);
  - RBF System Testing Proposals (i.e., payments for results already achieved, phase 3).

# REDD+ and carbon market

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- Absence compliance market
- Article 6.2 PA
  - ITMOs Internationally Transferred Mitigation Outcomes
  - Status of negotiations: convergence around bottom up approach, use towards NDCs, sustainable development, environmental integrity and transparency
  - Guidance to be developed – no double counting
- ICAO – Global Market-Based Measure (MBM) ?
  - Environmental integrity is key (UNFCCC rules)
- Voluntary offset transactions (limited role)

# REDD+ financing: the way ahead

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- More AMBITION needed
- Coordination, both domestic and international (UNFCCC review 2017)
- Avoid duplication of initiatives
- Access to finance
- Robustness and environmental integrity (data accuracy)
- Private sector involvement

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**THANK YOU!**

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