

Working paper on coherence and coordination: issues related to finance for forests, taking into account different policy approaches

I. Introduction

1. This working paper presents an indicative mapping of finance for forests which is not exhaustive and is based on previous work¹ undertaken by the Standing Committee on Finance (SCF) in 2014 that was discussed at the eighth meeting of the SCF and information received through submissions by interested Parties and organizations. This paper alludes to a level of fragmentation within forest finance and the need for coherence and coordination, given the different activities and financial flows that exist. It is an ongoing work by the SCF. As agreed at its eighth meeting, the SCF will continue to consider the inputs and cases studies received from Parties and observers in further elaborating this working paper and in preparing for the 2015 forum. All received inputs are presented in the Annex and can be also accessed online.²

2. The SCF notes that there are significant gaps in information and a high level of uncertainty about actual resources flowing related to financing for forests. As per the input by the Climate Policy Initiative (CPI), there is no clarity, at this moment, of the relevant activities currently being funded. The existing tracking systems are not able to capture the complexity of the topic, since there are "gaps in data availability, inconsistencies in definitions, and lack of coordination between data gathering systems."³

3. This paper does not attempt to define what forest finance is, nor what the key terms in the field of forest finance means. As mentioned by CPI, "challenges involved in establishing definitions for, and tracking finance related to, the broad range of activities needed to tackle the drivers of deforestation and support transitions to more sustainable economic development pathways are well documented."⁴ Rather, the paper tries to highlight some of the key information that already exists, compiling it in a way that adds value for the deliberations of the SCF. The SCF also notes that financing for forests can encompass various approaches, including forestry Official Development Assistance (ODA), support and payments for three phases of REDD-plus⁵, alternative approaches such as Joint Mitigation and Adaptation Mechanism, productive sources such as the timber sector, the production and commercialization of non-timber products, and others.⁶

4. The SCF has also been informed that there is ongoing research on the topic of the landscape of forest finance by different organizations including, inter alia, the Overseas Development Institute (ODI), UNEP Finance Initiative (UNEP-FI), EU REDD Facility, CPI and Climate Focus. As a result, the SCF will seek to integrate the latest information during the course of 2015 as it becomes available.

II. Towards a landscape of forest finance

A snapshot of forest finance from public sources

5. According to input received from the United Nations Forum on Forests (UNFF), a range of forest finance mechanisms exist. They include: domestic public finance; international public finance; domestic and international private finance and; blended and innovative finance.⁷

6. The 2012 Study on Forest Financing by the Collaborative Partnership on Forests (CPF) reviewed the flow of financing for forests from all sources, in light of UNFF's work on sustainable forest management, including forest related financing mechanisms and initiatives under the three Rio Conventions. With the aim to

¹ SCF/2014/7/5/Rev.1.

² www.unfccc.int/7561.php.

³ Input received from the CPI.

⁴ Input received from the CPI.

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

⁶ Input received from the UNFF.

⁷ Input received from the UNFF.



see the trend of financing for forests at the international level, an analysis was done on the ODA flows. According to the study, ODA disbursement significantly increased between the period 2002-2004 and the period 2008–2010 by about 125%, which is attributed to the increase of REDD-plus related ODA flows, as well as its pilot programmes, including fast-start finance.

7. Furthermore, the study highlights that numerous financing mechanisms exist, and it also highlights the prominence of REDD-plus in terms of its large potential, estimated at as much as USD 6.2 billion per year in 2020, and the unprecedented attention it has drawn to the carbon potential of forests (CPF, 2012). The study indicates that around USD 4 billion were pledged for the period 2010–2012 for measures to reduce greenhouse gas emissions from deforestation and forest degradation in developing countries. Apart from REDD-plus, the focus of which is on the carbon content of forests, many of the national, regional and international carbon initiatives have very few or no activities related to forests.

8. With regards to the estimated financial pledges and disbursements, it is important to note that there are significant limitations to the estimates mentioned here. There are “gaps in information on domestic finance and broader private sector investments (beyond offsets)” which present areas for urgent additional work.⁸ That said, available literature mentions that, for REDD-plus, “since 2007, USD 2.72 billion has been pledged to five multilateral climate funds and two bilateral initiatives that support REDD-plus initiatives. Slightly more than half of this amount has been deposited, with Norway being the largest contributor of REDD-plus finance, followed by Australia, the UK and the U.S. Only about one third of the pledged funds have been approved, and a much smaller percentage has been disbursed” (UN-REDD Programme. 2013). Aggregate pledges for REDD-plus from both public and private finance total more than 8.7 billion USD, during the period of 2006 to March 2014 and could possibly be more, if better data on private sector investments was available. Since 2010, global pledges for dedicated REDD-plus initiatives average 605 million USD annually (Norman and Nakhooda, 2014).

9. Almost 90 per cent of REDD-plus finance comes from public sector sources, including bilateral institutions, which have played a central role. The latter institutions manage 56 per cent of finance pledged since 2006 and represent the largest sources of finance for REDD-plus, particularly in countries rich in forests. There are more than 20 REDD-plus donors, with Norway, the United States of America, Germany, Japan and the United Kingdom providing 75 per cent of identified funding (Norman and Nakhooda, 2014).

10. Dedicated multilateral funds include, *inter alia*, the Forest Carbon Partnership Facility (FCPF) Readiness Fund and Carbon Fund, the Amazon Fund, the Forest Investment Program, the Congo Basin Forest Fund and the BioCarbon Fund Initiative for Sustainable Forest Landscapes. The finance flowing through these funds totaled 3.1 billion USD between 2008 and March 2014 (Norman and Nakhooda, 2014). According to the Climate Funds Update, donor countries also pledged 23 million USD through multiple channels that involve both bilateral and multilateral programmes.⁹

11. In relation to recipient countries, ten countries receive the majority of the 75 per cent of funding and collectively, Indonesia and Brazil receive 40 per cent of allocated funding. Global programmes and international research receive about 16 per cent, and 24 per cent of all allocated funding supports REDD-plus activities and programmes in the remaining 71 recipient countries (Norman and Nakhooda, 2014).

12. The Global Environment Facility (GEF) is providing support for its Sustainable Forest Management (SFM)/REDD-plus strategy, which aims to develop synergies through multi-focal area programs and projects across climate change, biodiversity and land degradation focal areas. During fifth replenishment period of the GEF, the GEF SFM/REDD-plus Program has contributed over USD 650 million toward forest projects, in comparison to USD 470 million during GEF 4. This has encouraged a total of USD 4.35 billion in co-financing so far during GEF 5. For GEF 6, which extends from July 2014 to June 2018, the GEF SFM strategy aims to generate global environmental benefits, addressing the emphasis placed by the three Rio Conventions. Four objectives of this strategy will drive the GEF SFM portfolio, which are namely: maintained forest resources; enhanced forest management; restored forest ecosystems; increased regional and global cooperation. A resource envelope of USD 250 million has been proposed and approved, in order to meet the programming within the SFM Strategy in GEF 6.¹⁰

13. The Governing Instrument of the Green Climate Fund contains provisions on funding windows and fund structure.¹¹ The GCF Board, at its fifth meeting, decided that the Fund will initially make allocations under

⁸ Input received from Climate Policy Initiative.

⁹ <<http://www.climatefundsupdate.org/data>>.

¹⁰ More information can be found in the summary of the negotiations of the sixth replenishment of the GEF Trust Fund: GEF document GEF/C.46/07/Rev.01.

¹¹ Annex of Decision 3/CP.17, paragraph 37-39.

adaptation, mitigation and the Private Sector Facility, and that there will be balance between adaptation and mitigation and the appropriate allocation of resources for other activities.¹² At the same meeting the board also took a decision on the initial result areas for the Fund, including the following areas related to forests: sustainable forest management to support mitigation and adaptation including afforestation and reduction of forest degradation; and REDD-plus implementation. The GCF Board, at its eighth meeting held in October 2014, *inter alia*, adopted the initial logic model for REDD-plus results-based payments and the performance measurement framework (PMF) for REDD-plus results-based payments¹³ and acknowledged that the initial logic model and PMF are prepared in accordance with the methodological guidance in the Warsaw Framework for REDD-plus.

A snapshot of forest finance from private sources

14. The private sector, including forest communities, smallholders, industry and other investors is a key source of finance for forests, mostly through investments in forests managed for wood production. New private investors generally come from outside the forest industry, and seek suitable combinations of financial returns and risk levels. Investments in sustainable land-use activities reduce the pressure on the forests and are therefore an important aspect of forest financing. Progress is being made on leveraging large international companies whose global investments in agriculture and forestry are worth billions of USD a year to promote sourcing of "deforestation-free commodities". Analyses of the forest finance landscape increasingly look into private investments in agriculture, forestry, logging and other land use activities.¹⁴ There are also private investments in non-wood forest production but they are "less significant" (CPF, 2012).

15. In terms of the capital market for financing for forests, "an estimated USD 225 trillion is currently allocated through the world's capital markets. In order to direct capital resources to play a more important role in the full implementation of REDD-plus activities, in the short term, it is necessary to have a better understanding of what is the most effective and efficient way to strategically deploy limited public funds." These are available through different financial mechanisms to leverage private financing for forests. In the long term, it is necessary to "reform financial markets so that they become enablers and catalysts of forest finance".¹⁵

16. "Reallocating commercial finance to forest finance is not a simple task of matching financial resources with expenditure needs. In particular, the vast pools of private finance will generally require a public policy lever to unlock them by creating a financial framework that creates long-term, clear and credible policy signals. This framework is essential if responsible managers of private capital are going to consider reallocating capital under their management towards forest-related activities. This can involve looking at the financial policies, regulations, incentives, standards and norms – and how they can contribute to expand financial resources for forests and sustainable development more broadly. The reality today is, however, that the bulk of financial markets remain unaligned with the needs of forests specifically, and a non-extractive, low-carbon and climate-resilient economy more generally."¹⁶

17. In order to leverage private financing for forests in developing countries, "it needs to be seen if activities on the ground require private finance and investment, and if so, what type of private finance would facilitate the implementation of activities and how existing financial instruments can be utilized" to leverage private financing for forests. The provision of rural finance has, however, historically been challenging due to high transaction costs and information asymmetries, covariant risks and low population densities in rural areas, low appetite financial institutions often have for rural assets for use as collateral, etc. These barriers may be overcome through structures such as public-private partnerships that enable risks and responsibilities, resources, competences and benefits to be shared between public and private actors.¹⁷

18. In relation to the voluntary carbon markets, according to Ecosystem Marketplace, cumulative voluntary offset transactions for REDD-plus projects; including sustainable forest management, afforestation and reforestation; are estimated at USD 0.9 billion over time. Forest Trends' REDDX initiative¹⁸ reports

¹² GCF document GCF/B.05/23.

¹³ GCF document GCF/B.08/45.

¹⁴ <<http://www.usaid.gov/climate/tfa2020>; <http://sustainability.mycgforum.com/deforestation.html>>;
<<http://www.globalcanopy.org/materials/drivers-deforestation-and-wto-rules-conflicts-and-solutions>>;
<<http://www.globalcanopy.org/materials/little-book-big-deforestation-drivers-executive-summary>>

¹⁵ Input received from the UNEP-FI.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Accessed March 2014 <<http://reddx.forest-trends.org/>>.

8.2 million USD in private finance and USD 101 million from private foundations in ten countries with tropical forests (2009–2012) as at March 2014.

A snapshot of various policy approaches being discussed under the UNFCCC

19. The COP by decision 1/CP.16 paragraph 70, encouraged developing country Parties to contribute to mitigation actions in the forest sector by undertaking the five activities specified in decision 1/CP.16, paragraph 70, which are also known as REDD-plus activities.¹⁹ COP decided that the REDD-plus activities should be implemented in phases, *beginning with* the development of national strategies or action plans, policies and measures and capacity building, *followed by* the implementation of national policies and measures and national strategies or action plans that could involve further capacity-building, technology development and transfer and results based demonstration activities, and *evolving into* results-based actions that should be fully measured, reported and verified. Since COP 16, Parties have agreed upon a series of decisions relevant to REDD-plus, including decisions 2/CP.17, 12/CP.17, and decisions 9/CP.19 to 15/CP.19.

20. It appears that a high proportion of REDD-plus finance pledged has been targeting at the first phase, also known as the readiness phase, which focuses on development of policies, strategies, capacity and enabling environments to implement, measure, report and verify actions supporting REDD-plus programs. Funding for policies and measures that underpin REDD-plus implementation seems to be equally necessary and important to deliver sustainable results.²⁰ “As of March 2014, 39 per cent of total bilateral and multilateral REDD-plus finance has been pledged on a payment for performance basis. This suggests that at least 61per cent of finance has been channeled *ex-ante* in the form of grants for readiness activities that are not specifically tied to reducing remissions from deforestation and forest degradation” (Norman and Nakhooda, 2014). While much finance is currently labeled as results-based, much of it could be readiness based.²¹ Finance and tenure insecurity are the two barriers to the implementation of REDD-plus (Sunderlin et al., 2014). The GCF has become increasingly focused on the prioritization of finance to the land use and forest sectors, as a result of this insecurity (Leonard, 2014).

21. In addition to the results-based approach, there are alternative approaches that are being discussed in the context of the policy approaches for reduction of emission from deforestation and forest degradation. The COP noted that non-market-based approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests (JMA) could be developed.²² According to inputs received from Bolivia, JMA offers “an additional alternative to REDD-plus results-based payments, and in order for developing countries to have access to additional means of implementation and provision of finance for addressing forest adaptation and mitigation simultaneously through the integral and sustainable management of forests.” There are also other non-market based approaches related to REDD-plus implementation, as presented at the in-session expert meeting on matters relating to non-market-based approaches.²³

Issues related to measurement, reporting and verification of financing for forests

22. There is a lack of reliable data on financing for forests, both at the national and international levels. There is no clarity about the range of relevant activities currently being funded, nor which actors are advancing action on low-carbon, climate-resilient development in the land-use sector.²⁴ A limited number of countries, organizations, and programmes incorporate all data on the programming, sourcing, allocation and disbursement of forest sector expenditure (CPF, 2012). Existing tracking systems are unable to capture the complexity of the landscape, mainly due to gaps in data availability, inconsistencies in definitions, and a lack of coordination between data gathering systems. Consequently, there is no information as to how much climate finance is being channeled to the land-use sector, how it is being delivered, what is being paid for and by whom. Nor do we fully

¹⁹ COP by decision 1/CP.16.

²⁰ Input received from the WB and UN-REDD Programme.

²¹ Input received from the CPI.

²² COP by decision 2/CP.17, paragraph 67.

²³ The expert meeting took place on 6 June 2014, in accordance with SBSTA 38 conclusion, paragraph 41. Presentation slides can be accessed at: <<http://unfccc.int/8278.php>> and the report on the in-session expert meeting can be accessed at: <<http://unfccc.int/resource/docs/2014/sbsta/eng/inf13.pdf>>.

²⁴ Input received from the CPI.

understand what activities need to be funded, what types of financing are best suited, and which key players need to be involved.²⁵

23. The lack of information is a major barrier to improved understanding of the true costs associated with the management of all types of forests and the potential for forests to contribute to local, national and regional development (CPF, 2012). For example, approximately USD 465 million has been reported through Fast-start Finance and Voluntary REDD-plus Database, but there is no information as to what channels these funds were channeled through (Norman and Nakhooda, 2014). This alludes to the current need to improve statistics and data collection for financing for forests. Working to fill the gap in information and knowledge concerning forests and their financial and economic opportunities would assist countries and also for donors. This needs to reflect national situations and also take into account the full multifunctional range of contributions that forests can make to national development (CPF, 2012).

24. Hence there is a need for extensive coordinated efforts to collect and extract national data on the private sector's investments, as information on these types of investments is not easily identified in a comprehensive manner. There are also emerging studies on private sector investments related to forests and carbon markets, but there needs to be a more coordinated effort to solve the problem of the lack of national data on private sector investments (CPF, 2012).

III. Need for coherence and coordination for financing for forests

25. Coherent approaches and methods need to be developed for the estimation of financing needs for different phases of REDD-plus, in order to improve consistency and transparency of financing estimates for different REDD-plus phases.²⁶ There is a wide variation in assessing the financing needs of REDD-plus estimated by different countries, with some countries underestimating and others overestimating the costs of financing for different phases. According to CPF, through analysis of readiness plans of 21 countries that report to the FCPF, UN-REDD or both, the average costs of readiness phase vary from USD 4 to 27 million per country.

26. Coherence and coordination is needed on both international and national levels. At the international level, as the GCF develops operating modalities and procedures to provide results based payments, guidance on the coordination of the GCF and other financing sources for delivery of finance to forests can promote effective coordination between the GCF and other financing sources.²⁷ As for coherence at the national and implementation levels, coordination and good understanding of multiple sources of finance and the diversity of approaches to REDD-plus is fundamental to allow for well-informed decisions and to promote the delivery of adequate and predictable financing for REDD-plus.²⁸

27. To achieve coherence in the procedures or results-based payments, guidance on ways and means to transfer payments for results-based actions is needed. The absence of guidance on procedures for payments of results-based actions leads to heterogeneity in methods and procedures adopted for performance-based payments of REDD-plus programs.²⁹

28. There is also a need for coherent understanding of non-carbon benefits.³⁰ REDD-plus programmes, in addition to achieving greenhouse gas mitigation, contribute to adaptation, enhance resilience of environment and communities to climate change risk, and contribute to environmental and social benefits. Although COP decisions recognize the importance of incentivizing non-carbon benefits for long-term sustainability of REDD-plus activities,³¹ a lack of progress on methodological issues limits their consideration in the financing of REDD-plus programs. Promoting consultations on non-carbon benefits can enhance clarity on the relationship between carbon and non-carbon benefits, as well as clarity on the provision of financial resources for alternative approaches.³²

29. The data on REDD-plus financing requires consistent and coherent reporting on sources and uses of financing for results-based actions.³³ Information on results-based payments to be reported to the UNFCCC

²⁵ Ibid.

²⁶ Input received from the World Bank.

²⁷ Inputs received from the World Bank and UN-REDD Programme.

²⁸ Ibid.

²⁹ Input received from the World Bank.

³⁰ Ibid.

³¹ Decision 9/CP.19, paragraph 22

³² Decision 9/CP.19, paragraphs 8 and 20

³³ Input received from the World Bank.

information hub aims to enhance transparency of results-based actions and transfer of payments.³⁴ In this context, guidelines for reporting of data on REDD-plus financing and results-based payments need to be developed to promote consistency, comparison and transparency of the results-based actions across countries.

30. The development of a more robust definition of the term ‘financing for forests’, with clearly defined parameters to assist discussions in the future is encouraged.³⁵ Coherent understanding of what constitutes “financing for forests” will contribute to better informing all relevant stakeholders about the current flows of finance from public and private sources. Poor understanding of the current landscape of climate finance in the land-use sector means that current (and potential future) sources of funding for sustainable land use are defined too narrowly and underestimated. This negatively impacts and reinforces overly narrow discussions about relevant policy opportunities, encourages over-specialization of activities and donors, and results in missed opportunities for private actors to investing in practices and approaches that tackle the major drivers of unsustainable production in the land-use sector. Ensuring that the discussion is appropriately framed and sufficiently broad will be key to ensuring its success and long-term impact.³⁶

IV. Further elements of the landscape of relevant flows, actors and processes related to finance for forests

31. Table 1 below highlights REDD-plus finance data, which is supplied by the ODI. It is important to note that this is only one source of information, and that an agreed total figure on finance pledged or disbursed for REDD-plus does not exist.

32. Figure 1 shows the top ten countries receiving funding for REDD-plus from the period 2006 to 2022, as reported by funder countries and multilateral institutions by November 2012.

33. Figure 2 shows some of the actors that are producing information on the topic of forest finance.

V. Way forward

34. As can be seen from this working paper, the landscape of financing for forests is not only confined to the Financial Mechanism of the UN Climate Change Convention and its operating entities, but it also involves a vast amount of other stakeholders and entities dealing with climate finance outside the Financial Mechanism.

35. The SCF will continue to work on the working paper during 2015, and will include relevant information being produced by organizations during the course of 2015.

³⁴ Decision 9/CP.19, paragraph 10.

³⁵ Input received from the UNEP-FI.

³⁶ Input received from the CPI.

Table 1: Summary of reported REDD-plus finance data by donor/funding channel (Norman and Nakhooda, 2014).

Type of funding/donor	Scope of Data	Data Tracking Institution/source	Total financial pledge
Bilateral	21 donor countries ³⁷	Detailed assessment and compilation using: ODI fast-start finance (FSF) data 2010–2012, voluntary REDD-plus Database of the REDD-plus Partnership (2006–2013)	4,035 Million USD
Multilateral	6 multilateral REDD-plus/forest focused funds ³⁸	ODI HBI CFU tracking (2008–March 2014)	3,142 Million USD
Multiple channels	21 donors and 6 multilateral REDD-plus/forest focused funds	Detailed assessment and compilation using: ODI FSF data 2010–2012, voluntary REDD-plus Database of the REDD-plus Partnership (2006–2013)	23 Million USD
Unknown	21 donors and 6 multilateral REDD-plus/forest focused funds	Detailed assessment and compilation using: ODI FSF data 2010–2012, voluntary REDD-plus Database of the REDD-plus Partnership (2006–2013)	465 Million USD
Private Foundations	10 REDD-plus countries ³⁹	Forest Trends' REDDX March 2014	101 Million USD
Private sector	162 projects	Ecosystem Marketplace 2013	900 Million USD
Total			8,666 Million USD

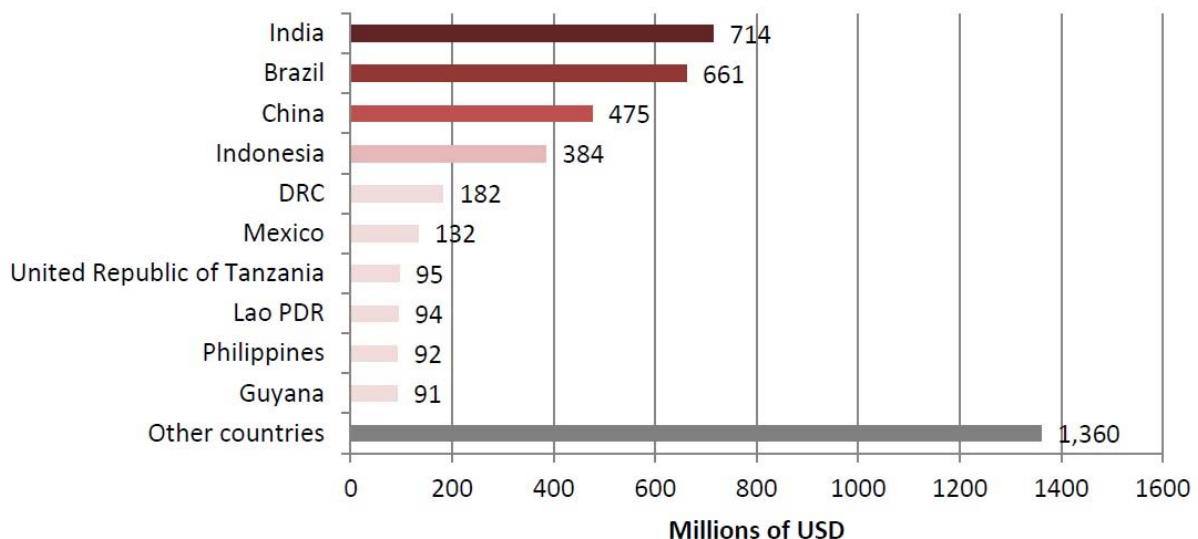
³⁷ This includes countries self-reporting REDD-plus financial contributions to the REDD+ Partnership's Voluntary REDD+ Database for the period between 2006 and 2013, as well as those reporting FSF contributions for the period 2010 to 2012. The two datasets have been compared in detail to prevent double counting of commitments over the FSF period. The 21 donor countries included in this report are: Australia, Austria, Belgium, Canada, Denmark, the European Union, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, Netherlands, Norway, Slovakia, Spain, Sweden, Switzerland, the UK and the US.

³⁸ Multilateral funds include: the FIP, FCPF Readiness Fund, FCPF Carbon Fund, the BioCarbon Initiative for Sustainable Forest Landscapes, the Amazon Fund and the Congo Basin Forest Fund.

³⁹ Including Brazil, Colombia, DRC, Ecuador, Ghana, Indonesia, Liberia, Mexico, Peru and Tanzania.

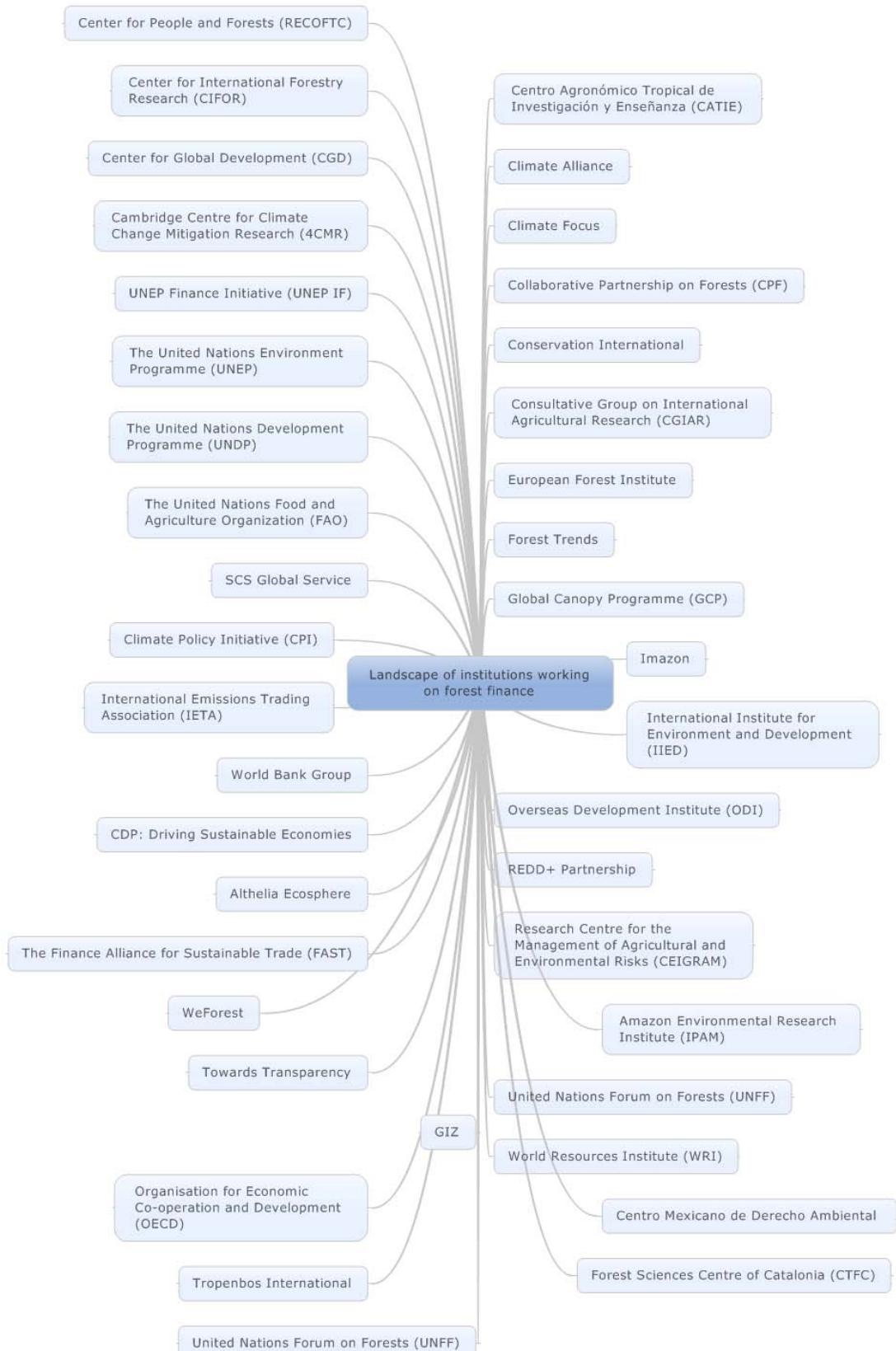
Figure 1: Top ten countries receiving REDD-plus funding from the period 2006 to 2022⁴⁰, as reported by funder countries and multilateral institutions.

Figures based on information provided as at 27 November 2012. Information from the Voluntary REDD-plus Database.⁴¹



⁴⁰ The United Kingdom has reported arrangements to the Voluntary REDD-plus database for future years up to 2022.

⁴¹ Towards Transparency In Public Financing For REDD+. An Analysis Of Data Submitted By Members Of The REDD+ Partnership To The Voluntary REDD+ Database. 27 November 2012.
http://reddplusdatabase.org/process_reports/VRD_Analytic_Report_2012_Nov_27_FINAL.pdf.

Figure 2: Actors that are producing information on the topic of forest finance

Sources

Collaborative Partnership on Forests. 2012. 2012 Study on forest financing. Available: http://www.un.org/esa/forests/pdf/AGF_Study_July_2012.pdf

Leonard, S. 2014 . "Forests, Land Use and The Green Climate Fund: Open for Business?" Forests Climate Change. Online source. Available: <http://www.forestsclimatechange.org/forests-climate-change-finance/forests-land-use-green-climate-fund/>

Norman, M., and Nakhooda, S. 2014. The State of REDD-plus Finance. Center for Global Development and Overseas Development Institute: USA and UK. Available: <http://www.cgdev.org/publication/state-redd-finance-working-paper-378>

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UN-REDD Programme. 2013. How much finance for REDD-plus? Available: http://www.unredd.net/index.php?option=com_docman&task=doc_download&gid=11785&Itemid=53

Annex - Inputs and case studies received from Parties and organizations to the SCF on the topic of forest finance⁴²

Submitted by	Keywords	Financing entity involved or described	Key points
Direct feedback provided to the revised working paper on coherence and coordination for financing for forests			
Climate Policy Initiative	Definition of finance and forests, uncertainty of flows		<p>Direct inputs to the working paper, in terms of:</p> <ul style="list-style-type: none"> • Consolidating the quantitative estimates presented in the main paper with those contained in Annex II • Caveating the estimate of 39% of finance being results-based • Elaborating further on the need to work with companies investing in broader agriculture and forestry supply chains • Emphasizing high level of uncertainty about actual resources flowing, and the many information gaps that exist, and highlight these more clearly
UNEP FI	<ul style="list-style-type: none"> • Role of private finance and investments in implementing forest projects and REDD-plus • Enabling environments • Need for coherence and coordination in the financial sector 	<ul style="list-style-type: none"> • Financial institutions, rural to international level • GCF 	<ul style="list-style-type: none"> • Redirecting existing commercial market needs public policy levers, financial market reform and efficient use of limited public money (GCF) • Nuanced discussion on how to scale up private investments for REDD-plus, including country context and barriers, feasibility of private investment and financial instruments
UNFF	<ul style="list-style-type: none"> • Polysemy in the definition of financing of forests, • Landscape of financing for forests • ODA, REDD-plus, private sources, etc 		<ul style="list-style-type: none"> • A general definition of "Forest finance" is recommended, in order to limit the polysemy of diverse financing for forests • Numerous sources of financing for forests, including: <ul style="list-style-type: none"> - domestic public finance - International public finance (notably forestry ODA) - Domestic and international private finance (incl. timber sector and non-timber forest products) - Blended and innovative finance, incl. REDD-plus and PES • UNFF can provide inputs on various stakeholders and entities dealing with FF outside the UNFCCC process and qualitative and quantitative information on forest finance beyond REDD-plus
UN-REDD Programme FAO, UNDP, UNEP	<ul style="list-style-type: none"> • Lessons learnt from readiness support • Need for coherence and coordination on the national level and international levels 	<ul style="list-style-type: none"> • UN REDD • GCF 	<ul style="list-style-type: none"> • REDD-plus readiness activities needs to be tailored to the country needs • Coordination of multiple sources of finance and good understanding of the diverse approaches to REDD-plus needed at the national level • Coherence and coordination with GCF Board decisions, and also with other mechanisms and entities providing readiness support
OECD			<ul style="list-style-type: none"> • Paying for Biodiversity: Enhancing the Cost-Effectiveness of Payments for Ecosystem Services • Promoting Biodiversity Co-Benefits in REDD • Scaling Up Finance Mechanisms for Biodiversity

⁴² All received inputs can be accessed at: <www.unfccc.int/7561.php>.

Submitted by	Keywords	Financing entity involved or described	Key points in bullet points
Relevant literature shared with the SCF			
Tropenbos			<ul style="list-style-type: none"> Forest financing at the international level. Options for improving synergies and coherence in a diverse landscape ETFRN News 54. Good Business: Making Private Investments Work for Tropical Forests Dutch Financial Institutions and Forestry - Involvement, experience and perspectives Financing mechanisms of informal forest management in the Peruvian Amazon. Two case studies in the Loreto region Unlocking National Opportunities: New Insights on Financing Sustainable Forest and Land Management The financial management of rural and indigenous agroforestry organizations: Experiences and Lessons from Central America Timberland in Institutional Investment Portfolios: Can Significant Investment Reach Emerging Markets? Financing Sustainable Small-Scale Forestry: Lessons from Developing National Forest Financing Strategies in Latin America Towards national financing strategies for sustainable forest management in Latin America: Overview of the present situation and the experience in selected countries Financing Sustainable Forest Management
WeForest			<ul style="list-style-type: none"> European Tropical Forest Research Network: Good Business: Making Private Investments Work for Tropical Forests The Forest Dialogue: Guide to Investing in Locally Controlled Forestry Credit Suisse, McKinsey, WWF: Conservation Finance Moving beyond donor funding toward an investor-driven approach
Case studies and country experiences on results-based payments and alternative approaches			
Bolivia, Plurinational State of	Experiences and views on: • Joint Mitigation and Adaptation Approach as an alternative approach	GCF	<ul style="list-style-type: none"> Relevant decisions about JMA at the UNFCCC Distinctive characteristics of REDD-plus and the JMA Rationale for financing the JMA approach The Logic Model for the GCF for financing JMA approaches
Mexico (Centro Mexicano de Derecho Ambiental)	Mexico's experience in terms fo safeguards for REDD-plus	World Bank FCPF CIF-FIP Bilateral finance from developed countries	The case study concludes that the lessons garnered from Mexico's experience in REDD-plus safeguards implementation can contribute to the formulation of further guidance from the UNFCCC and other fora
United States of America	Experiences and views on: • Results-based approach • Alternative approaches • Wide variety of sources and tools	• Forest Carbon Partnership Facility Carbon Fund • BioCarbon Fund Initiative for Sustainable Forest Landscapes	<ul style="list-style-type: none"> Lessons learnt in applying results-based approaches and transfer of payments in other domestic sectors in the US. Examples of existing/emerging alternative approaches and associated financial instruments/mechanisms Forest financing will come from a wide variety of sources, and most strategies will depend on the context and a blend of tools and approaches

Submitted by	Keywords	Financing entity involved or described	Key points in bullet points
Althelia ecosphere	Case study on: • REDD • Public finance • Private sector • Innovative instruments	USAID Credit Suisse	<ul style="list-style-type: none"> • Althelia ecosphere is a asset management platform, dedicated to: 1) provide finance to sustainable land use activities at scale 2) design innovative products to allow capital to flow to conservation • In 2014, Althelia ecosphere has designed two innovative instruments: - A USD 133m Forest Carbon guarantee with USAID, innovative credit guarantee to leverage additional private sector capital - Nature Conservatot Notes with Credit Suisse, to allow private and financial entities invest into conservation • Opening up result-based public payments to private sector in the form of payment for Verified Emission Reductions is key to scale up private capital for sustainable land use and tropical forest conservation in the medium to long term
Carbon Disclosure Project (CDP)	Private investment CSR	Private sector	<ul style="list-style-type: none"> • CDP has pioneered and provides the world's only global natural capital disclosure system through which more than 5,000 companies report, manage and share vital environmental information. • CDP's forests program is helping to ensure that investors have access to the information they need to reduce the deforestation impact of their portfolios and loans. It is helping to ensure that investors have access to the information they need to reduce the deforestation impact of their portfolios and loans. • Our latest results on the progress of companies along the journey to sustainable commodity production and the action and interest we are seeing from the investment community are contained in the attached report, "Deforestation-free supply chains: from commitments to action".
Finance Alliance for Sustainable Trade (FAST)	Case study on: • Financial institutions • Small and medium sized entrepreneurs • Private investment • Sustainable forest	Local banks in Peru and Bolivia (such as Agrobanco, ResponsAbility, and FOVIDA)	<ul style="list-style-type: none"> • FAST is a collaborative association between socially and agriculture-oriented financial institutions and a broad range of stakeholders aiming at increasing access to finance for sustainable Small and Medium Enterprises (SMEs) in developing countries • Summary of FAST's previous and ongoing projects
Forest Sciences Centre of Catalonia	Case Study in Catalonia, Spain and larger Mediterranean region • PES	EIB	A public subsidies system has been devised, jointly with a bank (with support of the EIB) to help municipalities substitute their oil/gas boilers for heating, by wood-based biomass boilers. The condition is that they develop a local forest management plan and that the wood they consume come from within their municipal borders. A pilot was conducted in 2014, and 17M€ have been earmarked for the period 2015-2020 for the substitution of 150-200 municipal boilers.
GIZ - GEICO Consulting	Case study in Morocco, Tunisia, Lebanon • PES • CSR		<ul style="list-style-type: none"> • In Morocco and Tunisia, national CSR platforms for forest finance are being established, aiming to enable national private and public companies to invest in forestry projects in the framework of their Corporate Social Responsibility (CSR) strategies. The project is supported by GIZ as part of Collaborative Partnership on Mediterranean Forests. • Morocco-Costa Rica-Germany are cooperating in terms of exchanging good practices of Payments for Forest Ecosystem Services. This exchange will support the identification of PFES schemes in Morocco and will enable Moroccan foresters to develop their capacities to build stronger partnerships with the private sector. http://dailystar.com.lb/News/Lebanon-News/2014/Nov-10/277095-lebanon-aims-to-plant-40-million-trees-chehayeb.ashx http://www.giz-cpmf.org/news/news-article/items/51/ http://www.giz-cpmf.org/news/news-article/items/43/

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International Emissions Trading Association	<ul style="list-style-type: none"> • Carbon market • Private Sector • CDM • CSR 		<ul style="list-style-type: none"> • Emphasis on the emission trading markets, based on experiences from the private sector, for both results based financing and alternative approaches
Towards Transparency	Input on <ul style="list-style-type: none"> • Corruption • Coherence and coordination • REDD • PES 		<ul style="list-style-type: none"> • The research participants identified as a major concern that REDD-plus funds may be allocated unfairly and improperly as a result of corrupt practices. As a result, those who are intended to benefit from REDD-plus - including forest dwelling communities who live in and protect the forest - will miss out thereby undermining the purpose of REDD.
WeForest	Input on: <ul style="list-style-type: none"> • Capacity building • Private investment 		<ul style="list-style-type: none"> • REDD-plus will extend to a more holistic view of proactive investment in natural capital (PINC) • WeForest has developed capacity in multiple projects financing reforestation by raising money from corporate partners • The intellectual capital within this "how to" is relevant in the discussion about "the use of resources/the transfer of payments in resultsbased approaches".
World Bank Group	Experience of World Bank in providing support for three REDD-plus phases, needs of developing countries, ODA, coherence and coordination	<ul style="list-style-type: none"> • World Bank • FCPF • CIF-FIP • BioCarbon Fund • GCF 	<ul style="list-style-type: none"> • Resources for REDD-plus readiness and varying needs; • Resources for REDD-plus implementation (ODA, PPP) and varying needs; • Results-based payments for REDD-plus; • Ways to improve coherence and coordination in the delivery of finance for forests (assessment of needs, coordination on country level, GCF coordination, guidance on ways and means, non-carbon benefits, better MRV system)
Invitation to the SCF			
Coalition for Rainforest Nations			<ul style="list-style-type: none"> • Under the UNFCCC, funding should be directed to support all phases of REDD-plus and the SCF should adequately give guidance to the GCF as such • The Voluntary Annual Meeting on REDD-plus may provide recommendations to the COP to improve the effectiveness of finance to support the implementation of REDD-plus actions within and outside the Convention, thus the SCF should participate in the first meeting of REDD-plus national entities to be held in Lima by COP20 and followed by the Second meeting next June in Bonn, with the view to consider and address the key issues identified herein
SCS Global Services			<ul style="list-style-type: none"> • "SCS Global Services Offers Lessons Learned from Extensive Experience Conducting High-Quality Forest Carbon Verifications Worldwide"