

Enhancing Coherence and Coordination of Forest Finance

Side event of the Standing Committee on Finance, Bonn, 23 May 2016



Mandate

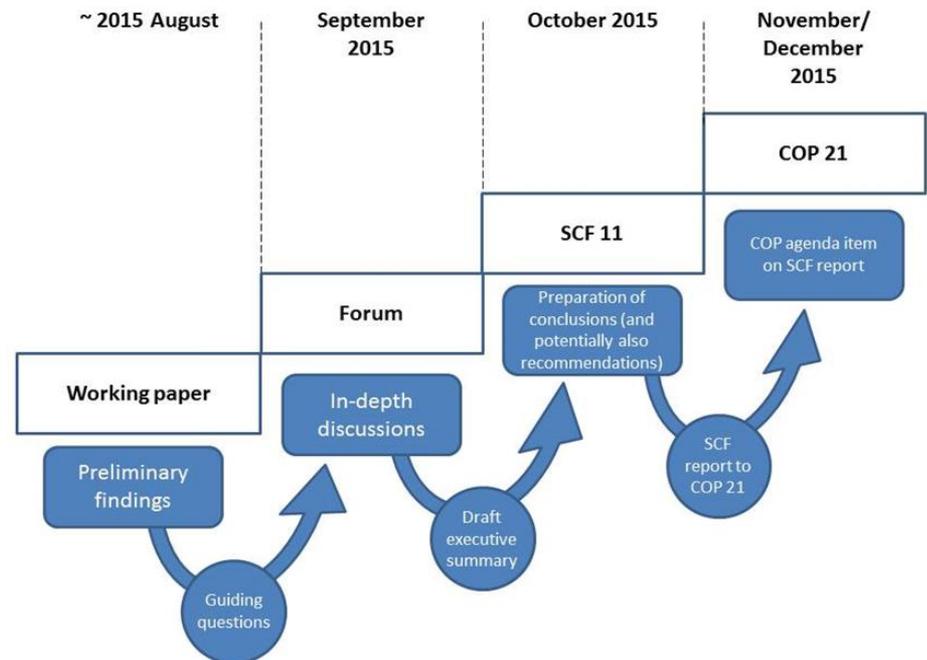
- ✓ In Warsaw, by decision 7/CP.19, the COP requested the SCF to **consider, in its work on coherence and coordination, inter alia, the issue of financing for forests, taking into account different policy approaches.**
- ✓ Furthermore by decision 9/CP.19, the COP also requested the SCF to **focus its soonest possible forum on issues related to finance for forests**, including the implementation of the activities referred to in decision 1/CP.16, paragraph 70, inter alia: (a) Ways and means to transfer payments for results-based actions as referred to in decision 1/CP.18, paragraph 29; (b) The provision of financial resources for alternative approaches.



Activities in 2015

✓ SCF Forum

- Working objective: “*Enhancing coherence and coordination of forest financing*”
- Dates and venue: 8-9 September 2015, Durban, South Africa, in conjunction with the 14th World Forestry Congress and in Partnership with FAO
- Wide variety of participants, including, inter alia, experts on the implementation of REDD+ activities and finance experts
- Summary report on the Forum included in SCF report to the COP



Activities in 2016

- ✓ The SCF, at its 11th meeting, agreed to undertake **several follow-up activities in 2016** to improve coherence and coordination of forest finance:
 - An overview of forest finance flows in the 2016 Biennial Assessment and Overview of Climate Finance Flows;
 - Consider reaching out to entities financing the activities referred to in decision 1/CP.16, paragraph 70 and other relevant stakeholders working on forest finance to strengthen the coherence and coordination between the forestry sector and sectors that drive deforestation and forest degradation, and in the access to and delivery of support;
 - An SCF side event to be organized in conjunction with an UNFCCC conference session in 2016, to facilitate the interactions among the financing entities providing forest finance;
 - Consideration of the outcomes of above-mentioned activities at the SCF meetings, with a view to preparing SCF recommendations to COP 22 on, inter alia, draft guidance to the operating entities of the Financial Mechanism.



Third Forum of the Standing Committee on Finance



Third Forum of the Standing Committee on Finance

- ✓ **Day 1: Overview of issues related to forest finance:**
 - ✓ **Landscape of forest finance**
 - ✓ **Coherence and coordination of the delivery of forest financing (public and private sector perspectives)**

- ✓ **Day 2: Sharing of case studies and experiences on:**
 - ✓ **Ways and means to transfer payments for results-based actions**
 - ✓ **The provision of financial resources for alternative approaches.**

- ✓ **Day 2 also discussed incentives to achieve sustainable investments:**
 - ✓ **To reduce deforestation and forest degradation**
 - ✓ **To promote sustainable management of forests**
 - ✓ **To enhance forest carbon stocks**



Estimated finance for land use mitigation and adaptation

THE LANDSCAPE OF LAND USE CLIMATE FINANCE 2014

>USD 5826
MN TOTAL



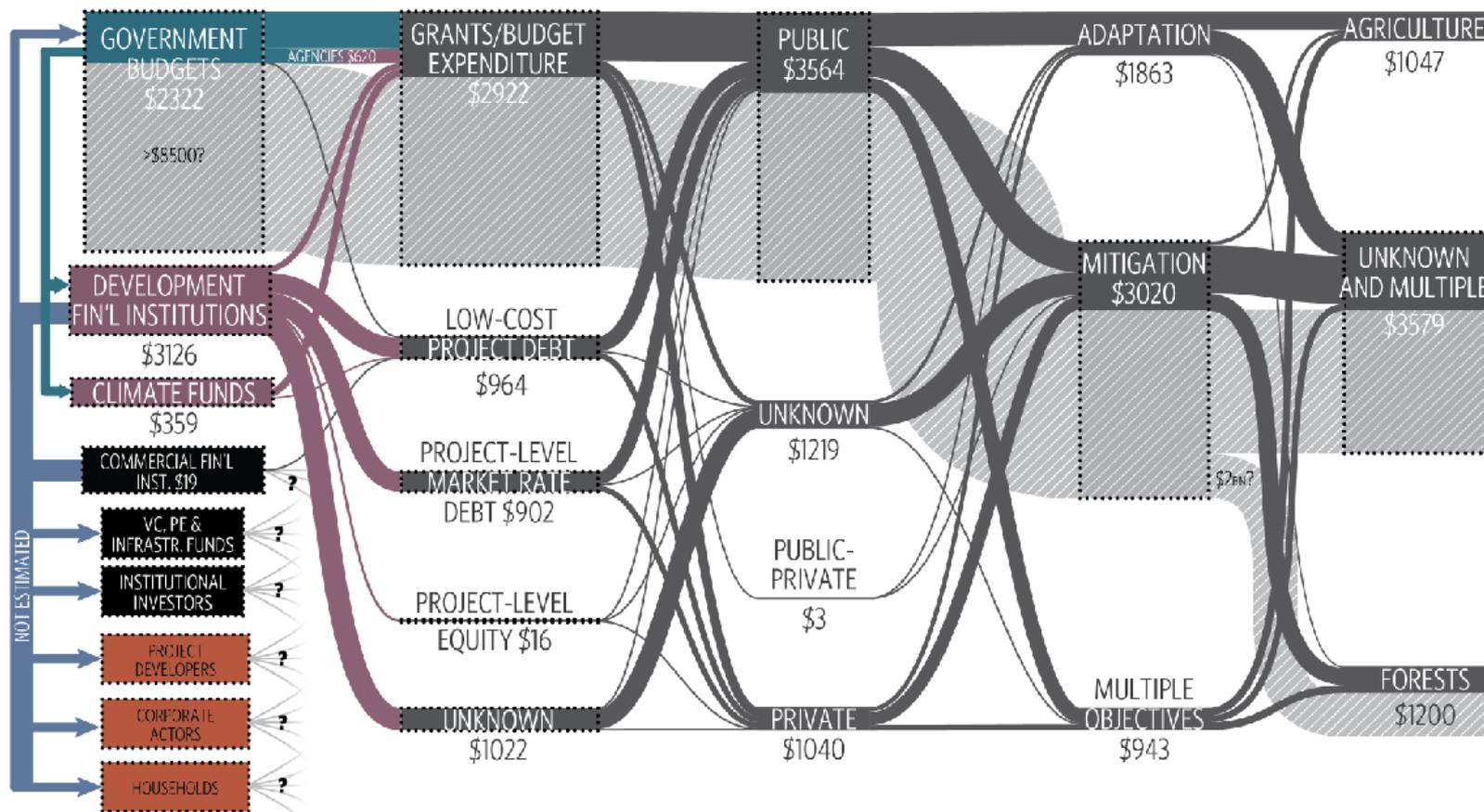
CLIMATE POLICY INITIATIVE

SOURCES AND INTERMEDIARIES

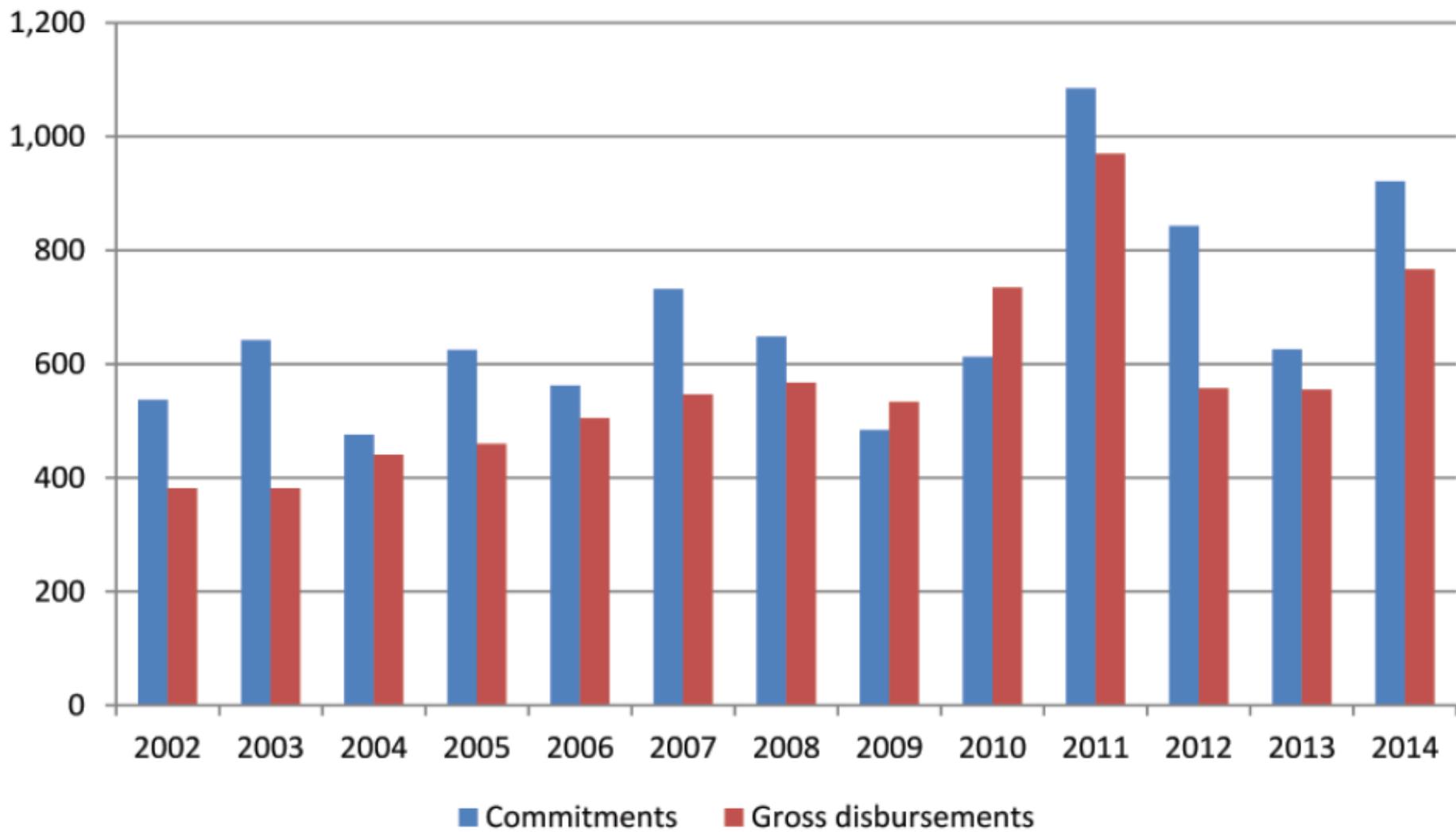
INSTRUMENTS

RECIPIENTS

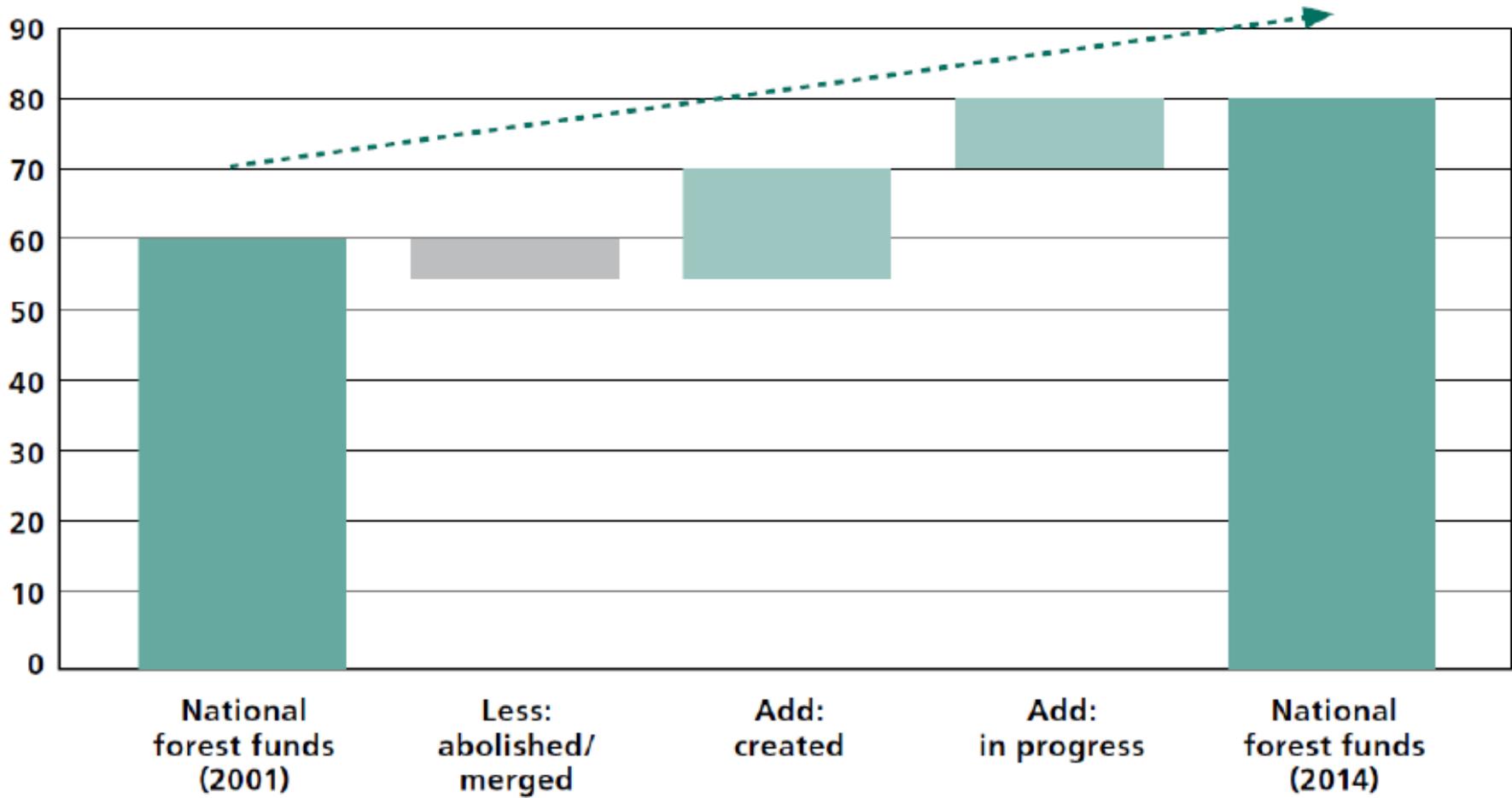
USES



Total Forestry ODA, USD millions (Source: Singer, 2016)



Number of national forest funds, 2001-2014 (Source: FAO)



Conclusions of the 2015 Forum

- ✓ **Gaps in data and information on flows and no commonly agreed definition** of forest finance. Private finance scarce and difficult to track.
- ✓ Harness opportunities for scaling up forest finance by **utilizing existing financial instruments** and **investing in enabling policy frameworks**.
- ✓ **Redirect existing public and private resources** to sustainable land-use practices and forest management.
- ✓ **Enhance cross-sectoral coordination** in government and between stakeholders to improve policy coherence and effectively address the drivers of deforestation and forest degradation
- ✓ **Ensure policy coherence and coordination between forestry and activities that drive deforestation and forest degradation.**



Conclusions of the 2015 Forum (continued)

- ✓ REDD+ finance has most impact if **aligned with national development policies and priorities, supported by cross-sectoral coordination**
- ✓ **International support is a crucial enabler** for preparation & implementation of REDD+.
- ✓ **REDD+ support should be adequate and balanced** across the implementation of the three phases of REDD+.
- ✓ REDD+ support should encourage **broad participation of all stakeholders** and be accessible to recipient countries with balanced distribution.
- ✓ Enhanced **coherence & coordination needed among entities financing REDD+**, incl. for accessing results-based finance.
- ✓ **Warsaw Framework for REDD+** should guide funding schemes for REDD+ results-based payments.
- ✓ **Coherence needed between private proposals and national REDD+ strategies.**
- ✓ Different views on how to define alternative approaches.



Related COP decisions

Decision 7/CP.21:

- ✓ 23. *Urges* the Board of the Green Climate Fund to operationalize results-based payments for activities referred to in decision 1/CP.16, paragraph 70, consistent with decision 9/CP.19, and in accordance with Green Climate Fund Board decision B.08/08;
- ✓ 24. *Encourages* the Board of the Green Climate Fund to consider the mobilization of private sector finance to progress the Green Climate Fund's forestry-related result areas;
- ✓ 25. *Requests* the Board of the Green Climate Fund to take into account decision 16/CP.21, in particular paragraph 6, referring to support for alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, as appropriate, in its funding decisions;



Related COP decisions

Decision 8/CP.21

- ✓ 2. *Welcomes* the investments by the Global Environment Facility in sustainable forest management and activities referred to in decision 1/CP.16, paragraph 70, harnessing multiple benefits from forests and tackling deforestation and forest degradation in line with the programming directions of the sixth replenishment of the Global Environment Facility Trust Fund;

- ✓ 3. *Invites* the Global Environment Facility to continue to provide finance to the activities referred to in paragraph 2 above, also taking into account decision 9/CP.19, paragraph 8, and decision 16/CP.21, as appropriate;



Thank you!

Further information and background materials can be found on:

http://unfccc.int/cooperation_and_support/financial_mechanism/standing_committee/items/8985.php

