



Department
of Energy &
Climate Change

The United Kingdom's International Climate Fund Finance for Forests Case Study

Third Forum of the Standing Committee on Finance:
Issues relating to finance for forests

8 September 2015

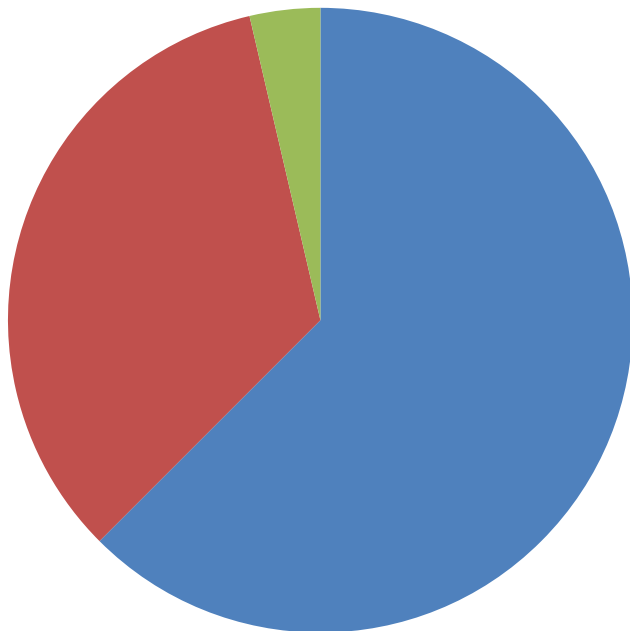


International Climate Fund (ICF)

Climate Finance Figures

- The UK is providing **£3.87 billion** through the ICF from 2011 – 2016, all from the UK's ODA budget.

The ICF Portfolio



DFID - £2.4 billion.

DECC - £1.3 billion

Defra- £140 million

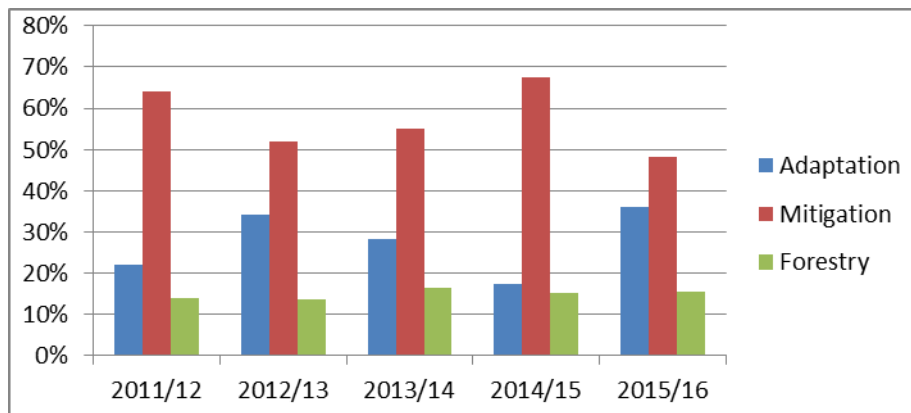


ICF Focus and Priorities

Strategic focus:

- demonstrate that building low carbon, climate resilient growth at scale is feasible and desirable;
- support the international climate negotiations and build an effective international architecture;
- drive innovation and new ideas for action, and create new partnerships with the private sector to support low carbon climate resilient growth.

Thematic priorities: adaptation, mitigation, and reducing deforestation



Why is tackling deforestation important for people and the climate? What is the UK doing?

Individuals



- 1.3 billion of the world's poorest people depend on forests for their livelihoods.
- Women and girls are the predominant users of forest resources.
- The impact of deforestation strikes disproportionately at the extreme poor, women and indigenous peoples.

Economy



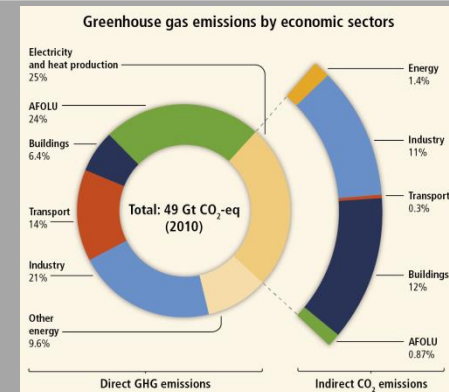
- Agricultural commodities are now a leading driver of deforestation.
- Companies along the supply chain are committing to zero-deforestation supply chains;
- Addressing deforestation, food security and rural development needs will require investments in productive landscapes.

Tackling climate change is vital to protect progress **in tackling global poverty**. Addressing the complex drivers of deforestation to protect forests and promote sustainable land-use can secure both climate and development benefits. The UK/EU goal is to **halve the loss of natural forests by 2020 and halt it by 2030**.



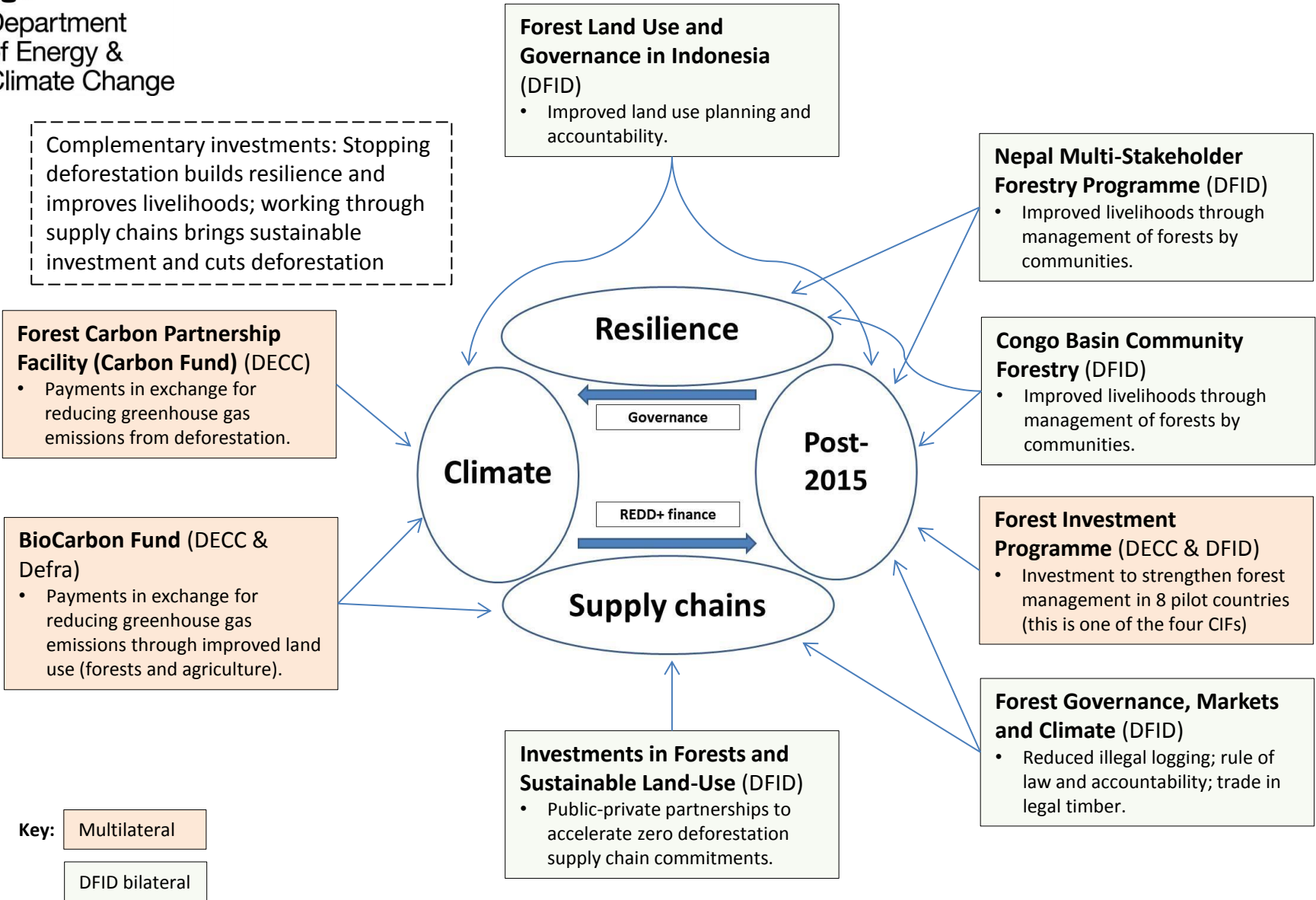
- Forests support up to 80% of terrestrial biodiversity.
- They regulate local climate, rainfall and provide 75% of the world's accessible drinking water.
- They improve resilience to extreme weather events.
- The New Climate Economy valued forest ecosystems at \$13 trillion per year.

- Agriculture and land-use change constitutes 24% of global greenhouse gas emissions.
- As much as 17-34% of the mitigation potential the world needs to 2030 could come from protecting and restoring forests and moving to more sustainable land-use models.



Eco-systems

Global Climate



International Forestry Knowledge (KNOWFOR):

- HMG programmes and future planning are supported by investments in knowledge, evidence and monitoring of impacts to inform future strategy



Aim?

Tackle illegal logging and support forest governance reform, contributing to EU Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT), which unites trade policy (regulation to close the EU market to illegally-harvested timber) with development assistance (support to tackle weak governance that allows illegal practice to flourish).

Spend?

£163 million (2011-18)

Delivery Partner

Bilateral DfiD
programme

Forest Governance and Markets Programme (FGMC)

More information?

<http://devtracker.dfid.gov.uk/projects/GB-1-201724/>

Outcomes?

Working at a national scale across 15 countries to secure institutional and policy reforms. Anticipated impacts on transparency, accountability, and governance. Supports economic development through facilitating trade in timber from legally verified origins.



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Spend?

£15m grant over 2012 to 2016.

Low Carbon Agriculture in Colombia



Aim?

Support the growth of Silvopastoral systems (agricultural techniques to improve degraded grazing land) in Colombia to **reduce** greenhouse gas emissions improve the livelihood of farmers, protect local forests and increase biodiversity

Outcomes?

UK funding for this project will help to convert **28,000 hectares** of grazing land to SPS, saving around **2MtCO₂e** and creating a strategy for increasing the use of SPS in Colombia and beyond **over the next 8 years**.

Delivery Partner

The World Bank

More information?

<https://www.gov.uk/government/case-studies/low-carbon-agriculture-in-colombia>

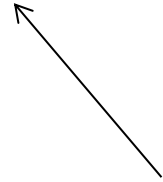


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UK Spend?

£115m (c.\$177m USD)

2014-

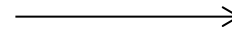


Aim?

Incentivise changes at the landscape level. **Promote:** GHG reductions from the forests and land sector; sustainable agriculture; and smarter land-use planning, policies and practices. **Partner** with private firms to help “forest-proof” the sourcing of commodities and redirect market forces towards more sustainable land management practices.



BioCarbon Fund Investments in Sustainable Forest Landscapes



Status?

Ethiopia and Zambia programmes operational. Programmes in Colombia and Indonesia under discussion. Advanced negotiations with a number of major agrocommodity producers and buyers.

Other Donors

Germany, Norway, US

Delivery Partner

The World Bank



More information?

<http://www.biocarbonfund-isfl.org/>

Promoting the shift to sustainable supply chains

Problem?

The world faces growing demand for demand for palm oil, soya, beef and timber. Bad practice is driving deforestation, harming marginalised forest-dependent people and damaging company reputations.

Solution?

We need to develop approaches to investing, processing, trading and producing commodities according to best practice, in ways that don't cause deforestation or harm local communities.



Action?

Many leading corporations have sustainability pledges, but realising these in practice will be challenging.

A major new DFID forestry programme ***Investments in Forests and Sustainable Land-Use*** is focused on translating corporate commitments into action in West Africa and Southeast Asia. The ***BioCarbon Fund ISFL*** is partnering with agro-commodity firms.



The ***Tropical Forest Alliance 2020*** has created a platform for coordinated action by public and private sector stakeholders.

Scaling-up Finance to Support Ambitious Action

New York Declaration on Forests' collective commitment to ensure that “strong, large-scale economic incentives are in place commensurate with the size of the challenge...[and to] reward countries and jurisdictions that, by taking action, reduce forest emissions – particularly through public policies to scale-up payments for verified emission reductions and private-sector sourcing of commodities.”

“... we stand ready to scale up results-based finance for large-scale, REDD+ emission reduction programmes, if countries put forward robust proposals. This includes funding for up to 20 new, credible programmes proposed by 2016 through a range of funding mechanisms.”

Germany-Norway-UK Joint Statement on REDD+ UNSG Climate Summit, Sept 2014