Eleventh meeting of the Standing Committee on Finance
Bonn, Germany, 26–28 October 2015

Report of the breakout group on 2015 forum of the SCF and the work on coherence and coordination: financing for forests, taking into account different approaches (Agenda item: 4a)

Outcome(s) of the discussions

1. Eight SCF members and ten observers participated in the breakout group.
2. The co-facilitators presented the key highlights from the forum. Participants of the breakout group noted that 2015 SCF forum was a useful step in enhancing coherence and coordination of forest finance, through facilitation of discussions among various stakeholders and sharing of experiences and lessons learnt.
3. Co-facilitators invited the participants to consider the draft summary report, which would be included in the SCF report to COP 21. During this discussion, SCF members and observers provided some textual inputs discussed and considered in a revised version of the draft.
4. The breakout group discussed what could be the conclusions and recommendations from the forum. On that basis, the co-facilitators proposed draft elements of conclusions and recommendations for the consideration of the breakout group.
5. The breakout group also discussed about what follow-up activities the SCF could undertake in 2016, relating to its mandate on improving coherence and coordination of forest finance. The group agreed that the SCF should continue to build upon the rich discussions that took place at this year's forum. In undertaking any technical work related to forest finance in 2016, the breakout group agreed that SCF has to be mindful of its 2016–2017 workplan and its available resources and capacity.

Agreements reached

6. The breakout group agreed on draft conclusions and draft recommendations to the COP, to be considered and endorsed by the SCF, as contained in annex I of this note.
7. The breakout group also agreed on draft follow-up activities in 2016 to be considered and endorsed by the SCF, also as contained in annex I of this note.
8. The breakout group further agreed on the draft summary report on the 2015 SCF forum to be considered and endorsed by the SCF. The draft summary report can be found in annex II of this note.

Next steps:

9. As for the next steps, the breakout group agreed on the following:
   (a) The draft summary report, as annexed to this note, will be included in the SCF report to COP 21. Agreed conclusions will be inserted into the executive summary.
   (b) Agreed recommendations to the COP will be reflected in the SCF report to COP 21.
   (c) The follow-up activities that the SCF agreed to undertake will be reflected in the 2016 SCF workplan, which will be included in the SCF report to COP 21.

Annex I

I. Conclusions from the 2015 SCF forum

1. The forum focused on the issue of coherence and coordination from a perspective of financing for forests, taking into account different policy approaches.
2. Currently, forest finance is flowing from and through both, public and private sources and channels, for various policy approaches encompassing a mix of different and complementary types of finance. This includes sustainable land-use finance and results-based climate finance. However, flows and financing for REDD-plus requires further clarity, particularly on disbursement.
3. There are gaps in data and information on forest finance flows and there is not a commonly agreed definition of forest finance and what qualifies as forest finance. Information on private finance for forests is scarce and difficult to track.
4. Opportunities for scaling up the mobilization of forest finance can be harnessed by utilizing existing financial instruments and investing in enabling policy frameworks.
5. Global Environment Facility (GEF) has invested more than USD 700 million into sustainable forest management and the REDD-plus incentive mechanism in over 80 countries, leveraging USD 4.6 billion in co-financing from a range of sources. The GEF aims at harnessing multiple benefits from forests and tackling the drivers of deforestation and forest degradation, while supporting the role of forests in national sustainable development plans.
6. Existing public and private resources should be redirected to sustainable land-use practices and forest management. Need to create enabling environments that will promote sustainable investments by domestic and international private and public sector to support the efforts to achieve sustainable land use practices to mitigate and adapt to climate change effects, including sustainable forest management.
7. Policy coherence and coordination between forestry and activities that drive deforestation and forest degradation is key. Policies and fiscal instruments in agriculture, for example, should incentivize sustainable agricultural production techniques with a low / no negative impact on forests. Enhanced cross-sectoral coordination in government and between stakeholders is essential to improve policy coherence and effectively address the drivers of deforestation and forest degradation.
8. REDD-plus finance can be most impactful if it can be aligned with national development policies and priorities, supported by cross-sectoral coordination, involving relevant stakeholders, such as local communities, indigenous peoples and private sector actors.
9. International support is a crucial enabler for preparation and implementation of REDD-plus by developing countries. REDD-plus support should be adequate and balanced across the implementation of the three phases of REDD-plus, in particular phase two. Countries have different capacities and are at different phases of REDD-plus. REDD-plus support should encourage broad participation of all stakeholders and be accessible to recipient countries with balanced distribution.
10. Coherence and coordination should be enhanced among the entities providing finance for REDD-plus, including requirements for accessing results-based finance. In this context, the Warsaw Framework for REDD-plus should guide funding schemes for REDD-plus results-based payments.

11. Regarding the Green Climate Fund (GCF), developing countries are looking forward to receiving more information on the procedure and timeline for consideration of funding proposals for REDD-plus by the GCF, including the results based payments (phase 3).
12. Coherence needs to be ensured between private sector proposals and national REDD-plus strategies.
13. There were different views on how alternative approaches could be defined. Among them, one example could be a holistic approach that builds on synergies and complementarities of benefits brought by forests including for mitigation, adaptation and sustainable development, which takes into account the multi-functional aspect of forests. Financing for alternative approaches can come from public and private sources.

II. Recommendations by the SCF on forest finance

The SCF highlights the following for consideration by the COP:

1. Invite Parties to ensure policy coherence, coherence of financing instruments and financial incentives and multi-sectoral coordination to address drivers of deforestation and forest degradation, and promote sustainable management of forests;

2. Welcome the investments by the GEF in sustainable forest management and REDD-plus, harnessing multiple benefits from forests and tackling the drivers of deforestation and forest degradation;

3. Encourage entities financing REDD-plus, including the GCF to enhance coordination and exchange of information on the provision of support, including results-based payments guided by the Warsaw Framework for REDD-plus;

4. Encourage the GCF to expedite work on results-based finance in 2016, applying the methodological guidance consistent with the Warsaw Framework for REDD-plus, in order to improve the effectiveness and coordination of results-based finance, as referred to in 9/CP.19, paragraph 7 and report its progress to COP 22;

5. Welcome GCF provisions to provide forest finance in the context of ecosystems based adaptation;

6. Request the GCF to consider, in its work under Private Sector Facility, the mobilization of finance for sustainable land-use practices and sustainable management of forests.

III. Follow-up activities of the SCF in 2016

- To build upon the rich discussions that took place in 2015 SCF forum and the momentum generated, the SCF decides to undertake the following activities, to improve coherence and coordination of forest finance :

    1. An overview of forest finance flows in the 2016 Biennial Assessment and Overview of Climate Finance Flows;

    2. 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;

    3. 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;

    4. 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.

Annex II

Summary report on the third Standing Committee on Finance Forum on "Enhancing coherence and coordination for forest finance"

I. Introduction

1. The third forum of the Standing Committee on Finance (SCF) took place from 8 to 9 September 2015 at the International Conference Centre, Durban, South Africa. It was organized in conjunction with the 14th World Forestry Congress in collaboration with the South African government and the Food and Agricultural Organization of the United Nations (FAO).
2. The focus of this year's SCF forum was on issues related to finance for forests, including the implementation of the activities referred to in decision 1/CP.16, paragraph 70 (hereinafter referred to as REDD-plus), 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. The main objective of this year's forum was "Enhancing coherence and coordination of forest financing", in the context of actions addressing mitigation and adaptation to climate change. The forum brought together representatives from Parties, forest and financial institutions, private sector and civil society. They included representatives of governments, multilateral and bilateral financial institutions including operating entities of the Financial Mechanism, think tanks, United Nations Organizations and private sector.
3. The forum focused on the issue of coherence and coordination from a perspective of financing for forests, taking into account different policy approaches, and considering, among others, the importance of forest in the context of sustainable development, multifunctional and cross-cutting nature of forests, diversity of actors involved in forest financing within and beyond the Convention and different circumstances of developing countries involved.
4. The first day of the forum focused on the overview of issues related to forest finance, including the landscape of forest finance, and coherence and coordination of the delivery of forest financing, from the perspectives of both public and private sectors. On the second day, the forum focused on sharing case studies and experiences among the participants, on the two mandated topics, namely on (a) ways and means to transfer payments for results-based actions and (b) the provision of financial resources for alternative approaches. The second day also included discussions on incentives required to achieve sustainable investments, which reduce deforestation and forest degradation, promote sustainable management of forests and enhance forest carbon stocks.
5. Following the practice from last year, the forum took the modality of both plenary sessions and break-out group discussions and there was positive feedback from many participants. During the plenary sessions, scene-setting presentations were given by panelists, followed by open discussions among the participants. In order to enable interactive exchange of ideas, break-out group discussions were held on both days. The discussion leaders and rapporteurs reported back to the plenary at the end of each break-out session and concluding remarks were provided by the co-facilitators.

II. Highlights from the discussions

A. Landscape of forest finance

Scale, sources and instruments

6. Information on the scale and sources of existing forest finance was presented by panelists from think tanks and international organizations, including Climate Policy Initiative (CPI), FAO, Overseas Development Institute (ODI) and United Nations Forum on Forests (UNFF) and the Global Environment Facility (GEF). According to a recent study by CPI, Climate Focus and the European Forest Institute, annual commitments from international public actors1 for land use mitigation and adaptation in 2012–2013 amounted to USD 5.8 billion, including more than USD 1.2 billion flowing to the forest sector to address climate change. CPI noted that while comprehensive data is lacking on domestic public expenditure and private investments in land use mitigation and adaptation, climate finance appears to

[1] Including bilateral donors, development financial institutions and domestic and international climate funds.

be a very small portion of the broader financial flows to agriculture and forestry in low and middle income countries, estimated to be in the hundreds of billions, dominated by domestic private and domestic public spending. Existing financial instruments that support sustainable land-use include grants, concessional loans, market rate loans, equity, tax incentives, insurance and guarantees. One panelist mentioned that, taking note of the limited public sources of finance, new and innovative financing instruments are needed to meet the investment needs.

7. Some participants were of the view that the needs of developing countries cannot be met with a single type of forest finance and private finance will play a key role. . Other participants were of the view that, while and even though substantial amounts of finance are already flowing for climate change and forests, relatively small amounts are flowing through the operating entities of the Financial Mechanism and overall flows are low compared to needs. In fact, UNFF presented that the required funding for sustainable forest management is between USD 70 and USD 160 billion per year globally.

8. According to FAO, in a national context, forest financing encompasses a mix of different and complementary types of finance – including finance for sustainable land-use and result-based climate finance. Several participants highlighted that finance for REDD-plus alone will not be sufficient for the transformational change in the sector and beyond that is needed to achieve the envisioned long-term cumulative emission reductions. It was indicated by several participants that there is a need to mobilize investments in sustainable forestry and sustainable agriculture in order to reduce the pressure on the forests. Such private sector investments should support the national plans or strategies that are tailored to country-specific circumstances.

9. Regarding the scale and sources of REDD-plus finance, FAO quoted a study published from the ODI, indicating that more than USD 8 billion has been pledged so far on REDD-plus, which mostly comes from public sector sources. However, despite this significant figure, it was pointed out that low and slow disbursement rate can be observed.

10. Financial support for the two first phases of REDD-plus is being provided through various funds and programmes, via bilateral and multilateral channels. For example, panelists from UN-REDD and FCPF shared their experiences in providing REDD-plus support that allows countries to access results-based payments and emphasized the importance of coordination amongst providers of REDD-plus support. Furthermore, pledges to support are being made but not yet disbursed. Other sources of funding that countries are experimenting for REDD-plus include domestic budgets, multiple sources pooled into national forest funds and readiness support including by non-governmental organizations, and voluntary markets. It was highlighted that in many cases the many different sources of REDD-plus finance are duplicative and can represent a challenge for the country to coordinate at national level. Discussions on the role of the Green Climate Fund (GCF) are elaborated in section C below.

11. GEF shared its experience and lessons learnt in providing support for sustainable forest management and REDD-plus. GEF invested more than USD 700 million into sustainable forest management and REDD-plus incentive mechanism in over 80 countries. These investments have leveraged USD 4.6 billion in co-financing, from a range of other sources. Within its sixth replenishment, the GEF reinforced its strategy for sustainable forest management, aiming to harness multiple benefits from forests and tackling the drivers of deforestation and forest degradation, while supporting the role of forests in national sustainable development plans.

12. Participants noted that the UNFF facilitative process is aiming to assist countries to understand the existing funding sources for forests.

Mobilization of scaled-up forest finance

13. With regard to scaling up forest finance, the need for harnessing the existing resources was highlighted. Many noted the importance of leveraging and redirecting the existing capital and investments to contribute to sustainable land-use practices. Some participants also underscored the role of co-financing in further scaling up resources. In addition to these discussions, technical suggestions were made on how to support the mobilization of financial resources for forests, including: enhanced information on the flow of forest finance so as to better inform the decision makers in designing land-use mitigation and adaptation strategies; financial viability analysis; identification of financial instruments to redirect the existing resources to more sustainable practices; encouraging coordination between public policy and financing instruments.

14. Participants also discussed ways to further scale up private finance for forests and referred to the need to redirect large capital seeking risk-adjusted returns to sustainable forest projects. In this regard, conditions needed for scaling up private finance were presented, which include: management of risk; access to finance; and enabling environments and policy frameworks. One panelist presented the usefulness of strengthening public-private partnerships, to exchange knowledge, enhance public awareness, and develop better business models for private sector. Support from public sector to enable private sector involvement, such as through provisions of concessional loans and insurances from bilateral and multilateral sources, can encourage more private sector participation in REDD-plus support. Many agreed that private sector investments can best contribute to protecting forests, if the investment is aligned with government actions for sustainable management of forests.
15. The role of public policies and finance was discussed, as to how it can contribute to make the private investments sustainable in the long-term. Some highlighted that governments should play a leading role in implementing the New York Declaration on Forests, which grew out of dialogue among governments, companies and civil society at the United Nations Secretary General's Climate Summit in 2014. A number of participants noted the importance of coordination between governments, international organizations and private sector in advancing the objectives outlined in the Declaration.
16. The role of local domestic private sector actors was emphasized. Some participants said governments, when designing sustainable forest management policies, need to take into account the fact that private sector actors are motivated by favorable risk-return profiles. Successful case studies were presented in this regard. One example presented highlighted the importance of using public private partnership to encourage the local private sector to start investing in sustainable forest management. Another example focused on improving access to credits for smallholders, who are facing poor financial infrastructure and high transaction costs. Providing them with favorable long-term capital e.g. with longer maturity or readjusted repayment schedules to productivity cycles, could encourage them to engage in sustainable forest management and, where agriculture drives deforestation, in sustainable agriculture.
17. In relation to financial resources for REDD-plus, several participants raised the importance of predictable and adequate international financial support in preparing and implementing their national REDD-plus strategy. Lack of clarity on the amount and duration of forthcoming financing is a challenge. It was also noted that current financial support for REDD-plus is concentrated more on phase one and phase three, and the need for sufficient and balanced financial support for all three phases was emphasized.

Information gap

18. In the discussions related to the estimates of forest finance flows, participants noted that there are gaps in data and information on forest finance flows. Currently there is no commonly agreed definition of forest finance and what qualifies as forest finance. Information on private finance for forests is largely unavailable due to the difficulty in tracking. Participants mentioned that this poses challenges to governments and investors alike, in acquiring necessary information in designing policies or making investment decisions.
19. Some participants noted that measurement, reporting and verification of support is one of the main functions of the SCF and there are lessons that could be learnt in tracking REDD-plus finance. It was also noted that the Lima Information Hub for REDD-plus could enhance transparency on results-based actions and on corresponding payments.[2]

B. Addressing the drivers of deforestation: opportunities and challenges in forest finance

Coherence of policy and financing instruments across sectors

20. Many participants agreed that policies and investments e.g. in the agriculture sector, should be coherent with policy guidance on sustainable forests and its financing. Agriculture was highlighted as one of the main drivers of deforestation by a number of participants. Some studies have shown that up to 80% of global deforestation occurs as result of agricultural practices. In this regard, increasing the scale of national and international resources for forest finance will do little to stop deforestation, unless the key drivers are addressed.

[2] More information on Lima Information Hub can be found at: <http://unfccc.int/7377>.

21. In this context, many participants stressed that policy coherence between forestry and sectors that drive deforestation, in particular agriculture, is crucial to achieve a reduction of deforestation and forest degradation. Agricultural policies and financing instruments, such as concessional loans, can encourage agricultural production techniques that reduce the pressure on forests. Another example highlighted was to reduce the policy incentives for drivers of deforestation, or adding fiscal conditions and requirements for subsidies that drive deforestation. One panelist from UNEP-FI shared recent relevant study by the UN-REDD programme, called "Fiscal incentives for agricultural commodity production: options to forge compatibility with REDD-plus".[3]

22. During this discussion, some participants suggested that governments should invest in tools to better monitor land-use changes and improve regulatory frameworks. It was also pointed out that, for a transformational consumption pattern of forest products, both supply and demand sides of the drivers of deforestation and degradation should be addressed.

23. Addressing drivers of deforestation requires cross-sectoral cooperation among different institutions, especially between different government ministries. Emphasis was given to the importance of coordinating enabling environments across different sectors to clarify any conflicting regulations, enhancing capacity of relevant institutions, application of common language and generation of comprehensive and accurate data. In this discussion, it was noted that matchmaking is the key to connecting the public and private actors dispersed in regional and sectoral silos. Participants suggested that all countries should be called to enhance their enabling environments so as to encourage their domestic private sector to invest in sustainable forest management.

24. In this context, the importance of scaling up sustainable land-use investments and of redirecting finance towards sustainable land use practices was underscored, which is capable of bringing multiple benefits, including for climate change and forestry. Participants noted that there are opportunities to be harnessed in this regard e.g. pools of assets and investors seeking risk diversification, potential in the growth of green bonds, and scaling up REDD-plus finance with market commitments. It was also noted that there should be a clear business case for investors. During this discussion, some participants underscored the usefulness of designing risk-mitigating or risk sharing instruments and making them accessible to institutional investors. Many participants stressed that local smallholders need to be empowered and supported with favorable financial benefits, so that there is a strong business case for them. It was also pointed out by some participants that land based investments, including forest and through REDD+, should be delivered with a full consideration of social, economic and environmental impacts on the ground and in line with safeguard requirements and national policies. To continue the discussion on this topic, a suggestion was made for the SCF to look into how private finance can be scaled up for forests, based on lessons learnt from other sectors.

Finance for REDD-plus and alternative approaches: enhancing coherence and coordination

25. Participants exchanged views on how to enhance coherence and coordination of finance for REDD-plus and alternative approaches, considering that the forest financing mix of a country consists of different and complementary types of finance e.g. finance for sustainable land-use and REDD-plus finance.

Financial support for different phases of REDD-plus

26. Participants acknowledged existing support for REDD-plus provided by developed countries but pointed out that an important share of international REDD-plus finance is concentrated on a few countries. In order to address these issues, some participants suggested that coordination between providers of REDD-plus finance would be useful. In addition, participants mentioned that coordination of REDD-plus finance could aim for, among others, provision of balanced support for all phases of REDD-plus, alignment of different requirements and methodologies required by the providers of finance, especially for phase three.

27. Many participants noted that many countries are currently at different phases of REDD-plus and levels of capacity differ between countries. It was mentioned that programme implementation can be costly

[3] Available at: <http://www.unredd.net/index.php?view=document&alias=14584-un-redd-policy-brief-qfiscal-incentives-for-agricultural-commodity-production-options-to-forge-compatibility-with-reddq&category_slug=forest-ecosystem-valuation-and-economics&layout=default&option=com_docman&Itemid=134>.

and time-consuming, if capacity is not built properly with readiness support. Significant ex-ante funding is required to overcome those barriers, which includes fiduciary capacity.

28. This led to discussions on building the fiduciary capacity of recipient countries and the international support needed. Many highlighted that fiduciary requirements for accessing finance could be challenging for some developing countries, and emphasized that building national fiduciary capacity is important to ensure country-ownership of REDD-plus finance. Some participants from developing countries noted that they need readiness support to build fiduciary capacity as soon as possible, so that their national institutions can be prepared to be accredited to the GCF. In this context, there was general agreement that international support for phase one and two of REDD-plus is the key to unlock the potential for REDD-plus. Other participants suggested that maintaining the linkages between the different phases of the REDD-plus in a country is helpful in attracting financial support from multiple sources.

29. Regarding the role of the GCF, several participants, particularly from developing countries, remarked on the expectation on the GCF to provide funding for the three phases of REDD+ and in accordance with the Warsaw Framework. Funding for readiness (phase one) was especially highlighted, and queries were made to the GCF representative about guidelines for consideration of results-based payments under phase three.

30. The timelines for the GCF to develop and put in place its operational guidelines for results-based payments, as well as more concrete guidance on how it will support REDD-plus activities across the three phases, remained unclear. Some participants noted that the SCF may be in a position to recommend guidance to the COP in this regard.

REDD-plus strategy and country ownership

31. In discussing international support for sustainability of REDD-plus actions, participants noted that it is important for a country to have a REDD-plus strategy to first determine what they wish to achieve. Participants also noted that countries with a national forest strategy need to take a holistic approach and should take REDD-plus strategy into consideration, in order to ensure the alignment of different sources of forest finance. It was also mentioned that REDD-plus strategy and the finance associated with it can be most impactful if this is aligned with national development policies and promote engagement of relevant private sector actors. In this context, participants noted the importance of inter-ministerial and sectoral coordination, which requires clear responsibilities and coordination among key actors. It was also mentioned that benefits for each stakeholder have to be communicated in a simple and clear narrative. It was also noted that the design of REDD-plus strategy needs to be tailored and there is no one size that fits all.

32. Under this discussion, it was pointed out that country-ownership is crucial in designing the REDD-plus strategy and the associated financing structure. The financing structure for their national REDD-plus strategy needs to be designed according to each country's existing financial architecture. Some participants were of the view that this should be considered at an early stage, as retrofitting the institutions and frameworks at the later stage could be challenging. Many agreed that sharing the lessons learnt in developing such strategy and financial architecture would be useful. Some participants mentioned that co-benefits of REDD-plus, such as non-carbon benefits, contribute to development and enhance country ownership.

National REDD-plus / climate change funds

33. Participants also shared their views and experiences regarding national REDD-plus funds or other national climate change funds. In establishing a national REDD-plus fund, some suggested using existing legal frameworks, financial structures, funds and institutions, as this could be less resource intensive than creating the fund from the beginning. Design of the REDD-plus fund should take into account the needs of recipient countries and the requirements of contributing countries. Other ideas shared in this discussion include: the need for the national REDD-plus fund to be flexible in choosing the most suitable actor in order to make better use of resources; definition and selection of best type of actors to implement the policies and measures; using the REDD-plus fund as the hub to scale up and coordinate the activities at sub-national levels.

Engagement of private sector in REDD-plus

34. Participants discussed opportunities and challenges in engaging the private sector in REDD-plus. The role of private sector was underscored more for phase two of REDD-plus, because of the larger scale of potential resources that can be unlocked. However, relatively smaller amount of international support provided for phase two, more through bilateral channels than multilateral ones, is posing some challenges to countries in implementing the REDD-plus programmes. Some solutions were suggested to scale up private investments in REDD-plus, such as public-private partnerships and co-financing schemes, which could also bring better coordination among public and private sector and enhanced information sharing. In this context, it was also mentioned that, currently, private sector actors are not well informed about REDD-plus or about sustainable investment in forestry and agriculture, and participants agreed that governments need to engage more with private sector, in their efforts to coordinate among different stakeholders.

Enhancing coherence and coordination for results-based payments

35. Participants discussed opportunities and challenges regarding results-based payments. Many agreed that results-based payments backed by international financial support can be an effective means to finance innovative measures, which could not have been financed otherwise domestically. Successful cases could inform domestic policies and be replicated through local actors. In this discussion, the importance of scaled-up financial support for phase three and harmonization among the providers of results-based payments was highlighted.

36. With regard to the potential role of the SCF in its work on coherence and coordination, there was a suggestion that the SCF could facilitate the sharing of country experiences on accessing the results-based payments with financing entities, including the GCF.

37. A number of participants acknowledged that the Warsaw Framework for REDD-plus provides the guidelines for the delivery of results-based payments and this should be considered as the basis for result-based payment mechanisms. They emphasized that financing entities, including the GCF, should apply the guidance as per 9/CP.19, and results-based payment mechanisms that have been set up before the adoption of Warsaw Framework should revisit their methodological framework, in order to ensure coherence with other institutions. Some participants indicated that there are areas where guidelines for results-based payment does not exist (e.g. ensuring coherence between private proposals and national REDD-plus strategies within the Private Sector Facility of the GCF), and these guidelines have to be discussed, ensuring country ownership and involvement of national stakeholders. Some suggested that the SCF could play a facilitating role in ensuring communication and linkages between the providers of results-based payments for harmonization of guidelines and methodologies.

Financial resources for alternative approaches

38. Discussions were also held on the provision of financial resources for alternative approaches. There were different views on how alternative approaches could be defined. There were different views on how alternative approaches could be defined. Participants generally agreed that alternative approach could be considered as a holistic approach that builds on synergies and complementarities of benefits brought by forests including for mitigation and adaptation, which takes into account the multi-functional aspect of forests. In comparison to REDD-plus, which is more focused on the aspect of mitigating carbon emissions, taking into account non-carbon benefits, some participants considered alternative approaches as achieving both mitigation and adaptation goals with ex ante financial support, which is conducive to achieving the objectives of the UNFCCC. There was recognition of joint mitigation and adaptation approaches for the integral and sustainable management of forests, which is referred to in numerous COP decisions since 2010.

39. As for financial resources for alternative approaches, participants recognized that a number of COP decisions encourage provision of financial resources for different policy approaches, allowing countries to harness multiple benefits of forests according to their national circumstances e.g. mitigation, adaptation and non-carbon benefits. They also recognized that financing for alternative approaches can come from public and private sources. Some participants were of the view that innovative financing mechanism, such as green bonds, could be one way to scale up business investments in forest projects. It was mentioned that synergetic financial solutions could scale up the support for alternative approaches and there are lessons to be learnt from other policy approaches, such as payment for ecosystem

approach. In addition to this, the importance of setting up conducive enabling environment for private investments was emphasized.

III. Conclusions

40. The forum generated new insights on the issue of forest finance and brought together a number of important stakeholders. Options to enhance coherence and coordination, both from contributors and recipients' ends, were discussed.

41. The forum focused on the issue of coherence and coordination from a perspective of financing for forests, taking into account different policy approaches.

42. Currently, forest finance is flowing from and through both, public and private sources and channels, for various policy approaches encompassing a mix of different and complementary types of finance. This includes sustainable land-use finance and results-based climate finance. However, flows and financing for REDD-plus requires further clarity, particularly on disbursement.

43. There are gaps in data and information on forest finance flows and there is not a commonly agreed definition of forest finance and what qualifies as forest finance. Information on private finance for forests is scarce and difficult to track.

44. Opportunities for scaling up the mobilization of forest finance can be harnessed by utilizing existing financial instruments and investing in enabling policy frameworks.

45. Global Environment Facility (GEF) has invested more than USD 700 million into sustainable forest management and the REDD-plus incentive mechanism in over 80 countries, leveraging USD 4.6 billion in co-financing from a range of sources. The GEF aims at harnessing multiple benefits from forests and tackling the drivers of deforestation and forest degradation, while supporting the role of forests in national sustainable development plans.

46. Existing public and private resources should be redirected to sustainable land-use practices and forest management. Need to create enabling environments that will promote sustainable investments by domestic and international private and public sector to support the efforts to achieve sustainable land use practices to mitigate and adapt to climate change effects, including sustainable forest management.

47. Policy coherence and coordination between forestry and activities that drive deforestation and forest degradation is key. Policies and fiscal instruments in agriculture, for example, should incentivize sustainable agricultural production techniques with a low / no negative impact on forests. Enhanced cross-sectoral coordination in government and between stakeholders is essential to improve policy coherence and effectively address the drivers of deforestation and forest degradation.

48. REDD-plus finance can be most impactful if it can be aligned with national development policies and priorities, supported by cross-sectoral coordination, involving relevant stakeholders, such as local communities, indigenous peoples and private sector actors.

49. International support is a crucial enabler for preparation and implementation of REDD-plus by developing countries. REDD-plus support should be adequate and balanced across the implementation of the three phases of REDD-plus, in particular phase two. Countries have different capacities and are at different phases of REDD-plus. REDD-plus support should encourage broad participation of all stakeholders and be accessible to recipient countries with balanced distribution.

50. Coherence and coordination should be enhanced among the entities providing finance for REDD-plus, including requirements for accessing results-based finance. In this context, the Warsaw Framework for REDD-plus should guide funding schemes for REDD-plus results-based payments.

51. Regarding the Green Climate Fund (GCF), developing countries are looking forward to receiving more information on the procedure and timeline for consideration of funding proposals for REDD-plus by the GCF, including the results based payments (phase 3).

52. Coherence needs to be ensured between private sector proposals and national REDD-plus strategies.

53. There were different views on how alternative approaches could be defined. Among them, one example could be a holistic approach that builds on synergies and complementarities of benefits brought by forests including for mitigation, adaptation and sustainable development, which takes into account the multi-functional aspect of forests. Financing for alternative approaches can come from public and private sources.