

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

Background paper on the 2015 forum of the SCF and the work on coherence and coordination: financing for forests, taking into account different approaches

Expected actions by the Standing Committee on Finance

The Standing Committee on Finance (SCF) will be invited to:

- a) Consider the draft executive summary report of the forum and agree on the **conclusions** from the forum, based on the outcomes contained in the draft executive summary report annexed herein;
- b) Discuss and agree on **any SCF recommendations** to the COP and **any possible activities that the SCF may undertake in 2016** on improving coherence and coordination for forest finance, including the REDD-plus finance.

I. Possible options/actions for consideration by the SCF

1. The draft executive summary report on the third SCF forum is attached to this document as annex I. SCF members may wish to consider this draft and agree on **conclusions** from the forum. The agreed conclusions will be inserted in the last section of the executive summary after the meeting and will go into the SCF report to COP 21. The full report of the forum will be prepared inter-sessionally and uploaded on the virtual forum.¹
2. The SCF may wish to discuss and agree on **any recommendations to the COP** and **potential activities that may be undertaken in 2016**, based on the outcomes of the forum and SCF deliberations on the issue of coherence and coordination for forest finance. Outcomes from this discussion will be inserted into the SCF report to COP 21 and reflected in the 2016 SCF workplan.
3. In considering its potential activities in 2016, the SCF may wish to take note of numerous suggestions made by the participants at the forum, on what the SCF could further undertake on issues relating to forest finance and to improve its coherence and coordination. They are presented in annex III of this document.
4. The SCF may wish to consider the possibility of developing and undertaking an elaborated SCF workplan in 2016 on issues relating to forest financing to improve its coherence and coordination, also taking into account any decision that may be taken on this issue at COP 21. In doing so, the SCF may wish to:
 - invite the relevant organizations attending the eleventh meeting to share their views and provide updates on their activities relating to forest finance;
 - invite written inputs from SCF members on the elements for a workplan by February 2016;
 - request the working group and its co-facilitators to propose an elaborated workplan on forest financing for consideration by the SCF at its twelfth meeting.

II. Background

5. By paragraph 121 of decision 2/CP.17, the COP decided that the SCF shall assist the COP in exercising its functions with respect to the Financial Mechanism of the Convention in terms of, inter alia, improving coherence and coordination in the delivery of climate finance. The COP also requested the SCF, by decision 7/CP.19 paragraph 11, to consider, in its work on coherence and coordination, inter alia, the issue of financing for forests, taking into account different policy approaches. By paragraph 20 of 9/CP.19, the COP further requested the SCF to focus its soonest forum on issues related to finance for forests.

¹ <<http://unfccc.int/9053>>.



6. The third SCF forum took place from 8 to 9 September 2015 at the International Conference Center, Durban, South Africa. The main objective of the forum was “Enhancing coherence and coordination for forest finance”. It was organized in collaboration with 14th World Forestry Congress hosted by the South African government and in partnership with the Food and Agricultural Organization of the United Nations (FAO).
7. The forum was open to all participants attending the WFC. Six SCF members attended the forum.² Around 140 participants on average attended throughout the forum and the maximum participation at one point was around 180 participants. The forum brought together representatives from Parties, forest and financial institutions, private sector and civil society. Over 20 resource persons were engaged in the forum as facilitators, panelists, discussion leaders and rapporteurs. They included representatives of governments; multilateral and bilateral financial institutions; think tanks, United Nations Organizations and private sector. The programme of the forum can be found in annex II of this document.
8. The forum was informed by the background document that the SCF prepared as the working paper as part of its deliberations on coherence and coordination for forest finance in 2014 and 2015.³ During the inter-sessional period, this paper was peer reviewed by SCF members and observers, including representatives from Parties, international organizations, UN agencies, think tanks and operating entities of the Financial Mechanism. The paper was published on the SCF virtual forum website.⁴
9. Below is a list of activities that the SCF has undertaken in 2014 and 2015, as part of its deliberations on coherence and coordination for forest finance:
 - Invitation of inputs on (i) relevant information and case studies on coherence and coordination for forest finance and (ii) potential partnership for the third SCF forum;⁵
 - Preparation of working paper as the background document for the third SCF forum;⁶
 - Informal outreach event in Lima on the SCF work on forest finance;⁷
 - Open webinar on coherence and coordination for forest finance and the third SCF forum;⁸
 - Representation of the SCF members in various relevant meetings and events, including:
 - Joint UNFF-UNESCAP Workshop on Integrating Climate and Forest Financing in Southeast Asia (23–25 March 2015);⁹
 - Eleventh Session of the UN Forum on Forests;¹⁰
 - Global Landscapes Forum: The Investment Case (10 June 2015);¹¹
 - Second voluntary meetings on the coordination of support for the implementation of activities referred to in decision 1/CP.16, paragraph 70 (8 June 2015);¹²
 - The third SCF forum and FAO Innovation and Investment Forum, organized in conjunction with the 14th World Forestry Congress.¹³

² Ms. Outi Honkatukia, Mr. Seyni Nafo, Mr. Stefan Agne, Mr. Raymond Landveld, Mr. Paul Oquist and Ms. Rajasree Ray.

³ Please refer to previous SCF meeting documents and reports for more information on the SCF deliberation on coherence and coordination for forest finance: <<http://unfccc.int/6881>>.

⁴ Can be accessed at: <<http://unfccc.int/9053>>.

⁵ Can be accessed at: <<http://unfccc.int/7561>>.

⁶ Available at: <<http://unfccc.int/9053>>.

⁷ Information available at: <<http://unfccc.int/resource/docs/2014/cop20/od04.pdf#page=10>>.

⁸ Information available at: <<http://unfccc.int/8985>>.

⁹ Information available at: <<http://unff-fp.un.org/documents/workshop-documents/southeast-asia/>>

¹⁰ Information available at: <<http://www.un.org/esa/forests/>>.

¹¹ Information available at: <<http://www.landscapes.org/london/>>.

¹² Information available at: <<http://redd.unfccc.int/meetings/voluntary-meetings.html>>

¹³ Information available at: <<http://www.fao.org/about/meetings/world-forestry-congress/programme/special-events/investment-forum/en/>> and <<http://unfccc.int/9053>>.

Annex I

DRAFT Report on the third Standing Committee on Finance Forum on “Enhancing coherence and coordination for forest finance”

Executive Summary

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 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.
4. 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

5. 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 actors¹⁴ 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 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

¹⁴ Including bilateral donors, development financial institutions and domestic and international climate funds.

- 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.
6. 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.
 7. 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.
 8. 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.
 9. Financial support for the two first phases of REDD-plus is being provided through various funds and programmes, via bilateral and multilateral channels. 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.
 10. 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.
 11. 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

12. 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.
13. 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. 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.
14. 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.
 15. 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.
 16. 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

17. 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.
18. 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.¹⁵

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

Coherence of policy and financing instruments across sectors

19. 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.
20. 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 its recent

¹⁵ More information on Lima Information Hub can be found at: <<http://unfccc.int/7377>>.

relevant study, called "Fiscal incentives for agricultural commodity production: options to forge compatibility with REDD-plus".¹⁶

21. 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.
22. 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.
23. 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. 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

24. 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

25. 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.
26. 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 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.
27. 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.

¹⁶ 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>.

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.

28. 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.
29. 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

30. 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.
31. 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.

National REDD-plus / climate change funds

32. 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

33. 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

34. 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.
35. 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.
36. 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

37. Discussions were also held on the provision of financial resources for alternative approaches. There were different views on how alternative approaches could be defined. Participants generally agreed that alternative approaches 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.
38. 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

39. 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.

[Placeholder for any conclusions][to be discussed at SCF 11]

Annex II

Programme of the third SCF forum

Day 1					
8 September: Issues related to finance for forests: an overview					
Time	Theme	Focus	Format	Facilitators, speakers and panelists	Suggested additional guiding questions
08:00–09:30	REGISTRATION				
09:30–10:00 Opening (30 min)	Opening plenary	Welcoming the participants and opening the forum	Welcoming and opening remarks	<ol style="list-style-type: none"> 1. SCF co-chairs (5 mins) Key note statements: <ol style="list-style-type: none"> 2. Maesela Kekana (ZA Department of Env. Affairs) (10 mins) 3. Eduardo Mansur (FAO) (15 mins) 	
10:00 – 10:45 Session 1: (45 min)	The forest finance landscape	The state of forest finance: overview of trends in type and volume of financial flow, key actors (including recipients, donors and investors), schemes and instruments utilized, and activities financed	Scene-setting presentations (20 min) Open discussion (25 min)	Facilitator: Outi Honkatukia, SCF co-chair Presentations: <ol style="list-style-type: none"> 1. <i>Climate finance for forests in the context of the broader land-use finance architecture</i> – Angela Falconer, Climate Policy Initiative (10 min) 2. <i>Financing for forests : an overview of approaches and funding priorities under the UNFCCC, CBD and UNFF</i> Pascal Martinez, Global Environment Facility (10 min) 3. Open discussion (25 min) 	What sources of finance exist for forests and forest-related activities and how can they be scaled-up? How can measurement, reporting and verification be more consistent and coherent, and as a result more conducive to the transparent sharing of information?
10:45 – 12:00 Session 2 (75 min)	How can we enhance coherence and coordination in the delivery of finance for forests?	Financial opportunities and challenges in forest finance: REDD-Plus finance, finance for the sustainable management of forests, and financing of activities that impact on forests	Presentations (35 min) Panel discussion (20 min) Open discussion (20 min)	Facilitator: Stefan Agne, SCF member Presentations: <ol style="list-style-type: none"> 1. How to enhance coherence and coordination in public and private sources of forest finance? – Maria Sanchez, FAO (10 mins) 2. <i>The impacts of international REDD+ finance</i> – Donna Lee, Consultant - Till Pistorius, UNIQUE (15 min) 3. <i>The Warsaw Framework for REDD-Plus: Implications for national implementation and access to results-based finance</i> – Leticia Guimaraes, Brazil (10 min) 4. Panel discussion (20 mins) 5. Open discussion (20 mins) 	How can coherence and coordination of forest finance be improved?

Day 1					
8 September: Issues related to finance for forests: an overview					
Time	Theme	Focus	Format	Facilitators, speakers and panelists	Suggested additional guiding questions
12:00–12:15	BREAK				
12:15 – 13:30 Session 3 (75 min)	How can we best use public finance for forests to support mitigation of, and adaptation, to climate change?	Public funding has been the major source of financing for forest activities, but in the face of resource constraints and more complex issues on the ground, how can public funding both for climate mitigation and adaptation better be used in forest activities?	Presentations (30 min) Panel discussion (15 min) Open discussion (25 min)	Facilitator: Raymond Landveld, SCF member Presentations: 1. <i>Overview of multilateral funding instruments</i> <ul style="list-style-type: none"> • <i>FCPF financing for forests – Rama Chandra Reddy, World Bank</i> (10 min) • <i>Forest Investment Program (FIP): the experience of FIP in channeling multilateral funding – Jagjeet Sareen, Climate Investment Fund</i> (10 min) 2. <i>Case studies in bilateral funding:</i> <ul style="list-style-type: none"> • <i>Melissa Pinfield, UK</i> (10 min) 3. Panel discussion (20 min) 4. Open discussion (25 min)	How can the role of public finance institutions in mobilizing finance for forests be enhanced? How can different sources of financing for forests be delivered and used more coherently, taking into account the key role of the GCF? How can enabling environments at the national level be more conducive to sustainable public sector investments in forests?
13:30–14:45	LUNCH BREAK				
14:45–16:00 Session 4 (75 min)	How can private finance be mobilized and utilized for climate mitigation and adaptation in the forest and land sectors?	Looking at the growing flow of private finance for REDD-Plus and other forest and land related activities: What schemes and instruments have worked? What can we learn from the existing practices for scaling up? What role has public finance played, or could play, to catalyze shifts in private finance for mitigation and adaptation in forest activities? Are existing enabling environments in place for building a business model serving REDD-Plus objectives? If not, what is lacking?	Presentations (30 min) Open discussion (45 min)	Facilitator: Pascal Martinez, GEF Presentations: 1. <i>Outcomes of GLF: the investment case - insights from the recent London meeting, in particular opportunities to promote forest friendly investment among private investors from developing and developed countries – Peter Holmgren, CIFOR</i> (15 min) 2. <i>Japan's Public-Private Platform for REDD-Plus (JP3-REDD-Plus) to facilitate private sector involvements, and experiences, lessons learned and future expectations from Indonesia – Goseki Kazuhiro, Japan and Yetti Rusli, Indonesia</i> (15 min) (by videolink, tbc) 3. Open moderated discussion (45 min)	What drives investment towards/away from environmentally sound activities in the forest sector? How can national entities be more coordinated in terms of mobilizing REDD-plus finance and other types of forest finance, and what policy frameworks need to be in place?
16:00–16:15	BREAK				

Day 1					
8 September: Issues related to finance for forests: an overview					
Time	Theme	Focus	Format	Facilitators, speakers and panelists	Suggested additional guiding questions
16:15–18:00 Session 5 (105 min)	Break out group discussions on: 1. Results-based payments; 2. The provision of financial resources for alternative approaches.	Generating a deeper understanding on: 1. The challenges and opportunities of implementing REDD-Plus actions that produce results and of delivering payments in the context of overall financing for forests: How to establish the policy and finance infrastructure required to implement REDD-Plus and how to mobilize finance for them? How to ensure the effectiveness and fairness in allocating limited REDD-Plus resources in light of the broad range of national circumstances? 2. How to ensure sustainable investments for alternative approaches?	Introductory presentations (20 min)	Facilitators: Raymond Landveld and Stefan Agne, SCF members Presentations: 1. Presentation by UN-REDD – Jyoti Mathur-Filipp, UNREDD (10 min) 2. Structure of the investment and principles of the benefit sharing plan for an ER-Programme in DRC – Victor Kabengele Wa Kadilu, DRC (10 min)	
			Break-out group discussions (85 min)	Break-out group 1: Discussion leader 1: Jyoti Mathur-Filipp, UNREDD Rapporteur 1: Angela Falconer, CPI Break-out group 2: Discussion leader 2: Ben Singer, UNFF Rapporteur 2: Till Pistorius, UNIQUE	How can opportunities be harnessed and barriers overcome, in terms of access to public finance for forests at different levels (from the perspective of both providers and recipients)? What are the best practices and lessons learned in terms of estimating the financial needs for different phases of REDD-plus and in terms of effective use of REDD+ finance? What challenges and good practices exist, related to financing for alternative approaches? What COP guidance would be useful to enhance the implementation of alternative approaches?
18:00 – 18:30 Wrap-up (30 min)	Reporting back from breakout groups and wrap up day 1		Reporting back (20 min)	Facilitators: Raymond Landveld and Stefan Agne, SCF members	
			Wrap-up (10 min)	SCF co-chairs	

Day 2					
9 September: Financing for forests, taking into account different policy approaches: case studies					
Time	Theme	Focus	Proposed structure	Resource persons needed	
09:00–09:15 Opening (15 min)	Setting the stage for the second day		Recap and introduction of day 2	Facilitators: SCF co-chairs	
09:15–10:50 Session 6 (95 min)	How can we enhance coherence and coordination of forest finance to ensure all forest benefits are achieved	Sharing experience of collaborative initiatives amongst international public and private financing entities and implementing organizations/communities in developing countries on forest programs and projects that contribute to climate mitigation and adaptation, as well as produce other ecological, social and economic benefits	Presentations (30 min) Panel discussion (15 min) Open discussion (40 min)	Facilitator: Jyoti Mathur-Filipp, UNREDD Presentations: 1. <i>State of work on forest and REDD-Plus financing by the GCF – Tao Wang, Green Climate Fund Secretariat</i> (10 min) (by videolink) 2. <i>Climate finance for forests in the context of the broader forest finance, and the links between the new Global Forest Financing Facilitation Network and the UNFCCC process – Ben Singer, UNFF</i> (10 min) 3. <i>Progress in REDD-Plus finance – Marigold Norman, Overseas Development Institute</i> (10 min)(by videolink) 4. Panel discussion (15 min) 5. Open discussion (40 min)	What coordination is needed between financing entities for results based payments? How can procedures for results-based payments be harmonized among the contributors/intermediaries?
10:50–11:15	BREAK				
11:15–12:30 Session 7 (75 min)	1. Experience with use of resources/the transfer of payments for results-based approaches; 2. Experience with the provision of financial resources for alternative approaches (including JMA).	Generating deeper understanding on/highlighting: 1. How could international and national financing entities better align their policies and investment priorities with the Warsaw REDD-Plus framework and further support readiness of developing countries to implement results-based actions, including through the	Introductory presentations (20 min)	Facilitator: Raymond Landveld, SCF Member Presentations: 1. <i>Brazil's experience in mobilizing and using domestic and international forest finance: national credit programs, multilateral funding and bilateral funding (Amazon Fund)– Leticia Guimaraes, Brazil</i> (10 min) 2. <i>Nicaragua: nationally funded reforestation for adaptation – Paul Oquist, Minister and Private Secretary of National Policies in Nicaragua</i> (10 min)	

		<p>consideration of non-carbon benefits? How can the most sustainable approaches (as regards preventing leakage and reversals) be promoted and rewarded?</p> <p>2. Technical issues associated with existing and emerging systems for transferring payments under results-based finance (for example how “results” are defined, timelines and formats for reporting, disbursement triggers, agreed processes and conditions, fiduciary requirements, restrictions on use of funding, transfer to longer-term finance models).</p> <p>3. Existing experiences with various domestic policy approaches to attract and utilize forest finance.</p> <p>4. Joint mitigation and adaptation aspects in forest activities: how can they be enhanced, what support should be mobilized for them and how?</p>	<p>Break-out group discussions (55 min)</p>	<p>Break-out group 1: Discussion leader 1 : Donna Lee, Consultant Rapporteur 1: Adeline Dontenville, EU REDD Facility</p> <p>Break-out group 2: Discussion leader 2: Yaw Osafo, Ghana Rapporteur 2: Jagjeet Sareen, CIF</p>	<p>What challenges and good practices exist, related to the transfer of payments for results-based actions?</p> <p>How can the readiness support be better coordinated, both from contributors and recipients’ end, to ensure comprehensive readiness-building in a developed country?</p> <p>What coordination is needed between financing entities for alternative approaches?</p>
12:30 – 13:00	Reporting back from breakout groups		Reporting back (30 min)	Facilitator: Raymond Landveld, SCF Member	
13:00–14:00	LUNCH BREAK				
14:00–15:00 Session 8 (60 min)	Scaling up finance for forests: How to bank on joint public-private schemes	<p>Best practices and case studies from different countries showcasing different types of forest mitigation and adaptation activities. What have practitioners and governments learned from their experiences, both good and bad? What are the challenges in replicating and scaling up? Is there a role for demand side measures?</p>	<p>Presentations (20 min)</p> <p>Panel discussion (15 min)</p> <p>Open discussion (25 min)</p>	<p>Facilitator: Outi Honkatukia, SCF co-chair</p> <p>Presentations:</p> <ol style="list-style-type: none"> 1. <i>Presentation by UNEP FI – Iain Henderson, UNEP FI</i> (10 min) 2. <i>Focusing on the “plus” of REDD-Plus – Elizabeth Philip, Malaysia</i> (10 min) 3. Panel discussion (15 min) 4. Open discussion (20 min) 	<p>How can sustainable production methods in forestry and land use be incentivized, e.g. by preferential lending rates, guarantees or fiscal incentives?</p> <p>Can harmful public subsidies and tax incentives be replaced by forest-friendly ones? Could preferential lending rates, guarantees and tax concessions, streamlined permitting, or fiscal incentives for sustainable production practices play a role?</p>
15:00–15:30	BREAK				

15:30–16:30 Session 9 (60 min)	Two breakout groups: 1. Making the most of private sector contributions 2. Financing schemes and instruments for REDD-plus and other forest activities: what works/doesn't work	Generating a deeper understanding on: 1. Opportunities and challenges to involve the private sector as an investor, intermediary and implementer in REDD-Plus and other forest-related activities 2. Opportunities and challenges in using innovative schemes and instruments to finance REDD-Plus and other forest-related activities—with a focus on public finance instruments that can catalyze private finance	Introductory presentations (20 min)	Facilitator: Stefan Agne, SCF member Presentations: 1. <i>Germany: REDD+ early movers</i> – Evy von Pfeil, GIZ, Germany (10 min) 2. <i>Private sector participation in financing Peru's forest and climate change strategy</i> – Gustavo Suarez De Freitas, Peru (10 min)	
			Break-out group discussions (40 min)	Breakout group 1: Discussion leader 1: Iain Henderson, UNEP FI Rapporteur 1: Ben Singer, UNFF Breakout group 2: Discussion leader 2: Federica Bietta, Cfrn secretariat Rapporteur 2: Jyoti Mathur-Filipp, UNREDD	How can results-based payments, public subsidies and tax incentives in the forestry sector and in sectors that drive deforestation be used in a coherent way towards the objective of reducing deforestation and forest degradation? How can opportunities be harnessed and barriers overcome, in terms of access to private finance for forests (from the perspective of both providers and recipients)? What are the inconsistencies between initiatives to finance forests in the context of climate and existing funds; what are the ways to overcome such inconsistencies?
16:30 – 17:00 (30 min)	Reporting back from breakout groups		Report back (30 min)	Facilitators: Stefan Agne and Raymond Landveld, SCF members	
17:00 – 17:30 Closure	Closure of the Forum			Facilitator: SCF co-chairs	

Annex III

Potential activities that the SCF could undertake to improve coherence and coordination of forest finance, as suggested at the forum

Potential activities suggested by forum participants include the following:

- SCF to continue to follow up on the meetings and events related to forest financing, as they did in 2014 and 2015.
- SCF to play a role in enhancing the coherence of financing entities providing forest finance and coordinate/map different themes and elements of forest finance
- SCF could look into how private finance can be scaled up for forests, based on lessons learnt from other sectors
- SCF could facilitate the sharing of country experiences on accessing the results-based payments with financing entities, including the GCF
- Facilitate communication among the providers of results-based finance e.g. FCPF, GCF for harmonization of guidelines and methodologies on results-based finance.
- Take into account the lessons learnt in tracking REDD-plus finance and reflect them in the BA work.
- The SCF may consider and recommend guidance to the operating entities of the financial mechanism, especially the GCF, on the funding of REDD+ funding proposals.
