



Climate and Forests

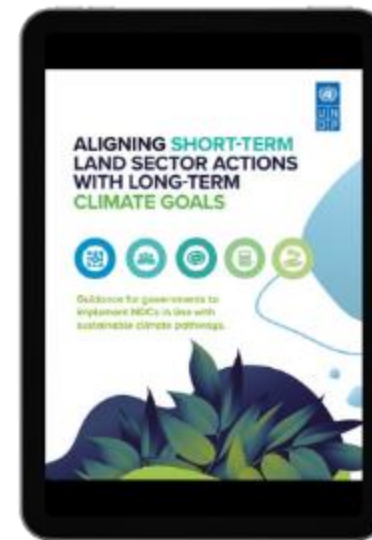
CLIMATE
PROMISE

Enhancing Ambition for the Forest Sector in Nationally Determined Contributions (NDCs): Mobilizing Private and Public Resources

Overview:



Strengthening NDC ambition through the AFOLU sector



As part of the Climate Promise, UNDP is assisting around 90 countries to update their NDCs, focusing on:

Ambition

Enhanced
implementation

Social inclusion

FOLU technical assistance focuses on:

- Consistency with **GHG data and BTRs** (where possible)
- Maximizing the **potential of the AFOLU sector** through specific guidance for the sector: PLANT and AFOLU guidance
- Building upon **REDD+ elements & processes** (MRV system, FREL, safeguards)
- Consulting **Indigenous Peoples and local communities** and including their solutions

To maximize the potential of public and private climate finance for Forests, NDCs should aim to:

**Accessing finance
through ambitious
NDCs and national
climate strategies**



Elevate Forests as a National Priority



**Set Specific, Timebound and Measurable
Targets**



Improve Accounting and Reporting

*RAISING THE BAR: STRENGTHENING FOREST AMBITION IN
NATIONALLY DETERMINED CONTRIBUTIONS (NDCS) 2024.
WWF and Climate Focus*



Accessing finance through ambitious NDCs and national climate strategies

There must also be an enabling national environment to access and manage climate finance for forests which can be created through:

**Cross-sectoral
cooperation**

**Clarifying and
consolidating
land rights**

**Recognizing and
integrating support from
law-enforcement**

**Upholding IP and LC
rights**

**Maintaining
updated and
high-quality data**



Financial instruments available to accelerate and enhance forest related climate-action

REDD+ Results-Based Payments (RBPs) through the Green Climate Fund (GCF):

The GCF REDD+ RBPs window was **proven to be a cost-effective**, incentive-based instrument

Key lessons learned and patterns observed through UNDP's support to countries;

01

Solid Basis for RBPs are needed. This can be done through the improvement of MRV capacities and National Strategies/Action Plans (NS/APs) to address deforestation and forest degradation.

03

Different national circumstances led to uneven progress in generating and reporting REDD+ results. African countries took longer to produce reference levels and report results.

02

FRELS and Safeguards are central. Development of robust SISs and submissions of holistic Sols should be prioritized.

04

A number of countries accessing RBPs from the GCF pilot program have decided to **utilize part of their proceeds to enhance relevant data, systems, and policies** for REDD+ implementation.



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The Green Climate Fund RBPs – Indonesia:

Home to the world's third largest tropical rainforest, Indonesia received its first disbursement of USD 46 million (from the USD 103.8 million approved by GCF), following the successful reduction of emissions from the forestry sector from 2014 to 2016.



Aligns with the NDC and national strategies:

Is in alignment with Indonesia's Forest and Other Land Use (FOLU) Net Sink 2030 Operational Plan, a key component of its enhanced Nationally Determined Contributions (NDCs).



Funds were transparently and efficiently managed:

As an accredited GCF entity, UNDP employed its Performance-Based Payment (PBP) modality to ensure transparent and efficient fund disbursement to Indonesia's Environmental Fund (IEF), managed by the Ministry of Finance.



Funds are being reinvested into well-structured Forest programmes:

Funding supports the expansion of Indonesia's Social Forestry Programme and Forest Management Units, aiming to empower local communities, alleviate poverty, and promote sustainable forest management.



Safeguards play a pivotal role in fund allocation

UNDP's innovative approach has not only expedited fund allocation but also reinforced social and environmental safeguards, setting a precedent for similar climate finance mechanisms globally.





**Financial instruments
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If NDCs and national policies are strategically designed, a number of financial instruments become easier to access and manage.

High Integrity Carbon Markets:

Forest-based carbon credits are among the most scalable and cost-effective types of credits and can attract substantial investment. Voluntary carbon markets generated over \$1 billion in transactions for forest carbon credits in 2024 alone. UNDP is supporting governments through its High Integrity Carbon Markets programme.

01

All parties should be equally informed and capacitated to strategically engage.

02

SDG impacts and social and environmental safeguards should be at the core of carbon programme design and implementation.

03

Carbon market investments and benefits should remain in the host countries.

04

High-integrity guardrails should be incorporated into host countries' decision-making and practices, ensuring their incorporation across all carbon crediting programmes, at project, sectoral and jurisdictional levels, is key.



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Deforestation-free trade:

Promotes national traceability and certification systems as policy-based instruments to unlock market access, combining both public and private finance. UNDP has supported Ecuador and Costa Rica's in piloting deforestation-free coffee pilots, showcasing how policy-finance-market integration can deliver forest-positive outcomes. **Key success criteria based on UNDP's experience with pilots thus far:**

01

Positioning deforestation-free value chains not only as tools for regulatory compliance (i.e. EU Deforestation Regulation), but as a **catalytic mechanisms first for achieving inclusive development and long-term climate mitigation goals.**

02

Promoting national traceability and certification systems as policy-based instruments to unlock market access. Ecuador and Costa Rica's systems were adopted by companies like Lavazza.

03

Supporting Indigenous Peoples, small producers, cooperatives, and national authorities by investing in capacity-building, strengthening institutional frameworks, and creating enabling policy environments.

04

Leveraging digital innovation and AI-powered traceability systems to improve transparency, monitoring, and reporting, ensuring deforestation-free compliance and reducing administrative burdens on producers.



Costa Rica: From RBPs to deforestation-free finance

The **Green Climate Fund**
awarded

recognizes

**For emissions
reductions in 2014-2015**

Nat'l System for Conservation Areas + the Nat'l
Forestry Financing Fund for actions to avoid
deforestation and forest degradation from 2021-2025,
based on an agreement with UNDP & FONAFIFO

PES

**Forest Fires
Management**

**REDD+ Results-based Payments
Project**
Agreement with GCF and UNDP

COSTA RICA: Deforestation-free national roadmap



Defined traceability methodology to demonstrate “COSTA RICAN COFFEE” is free of deforestation

Piloted with 50 coffee producers from CoopeTarrazú.

Validated methodology & verification guide

Gathered lessons learned

Adopted due diligence at no cost to producers

First batch of deforestation-free coffee exported from COOPETERRAZU to Illy Café (Italy) in March 2024



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Green and sustainable bonds

Green, social and sustainable bonds have emerged as a transformative tool to mobilize resources toward specific development priorities aligned with the SDGs and NDCs. UNDP increasingly supports governments in establishing enabling environments, governance mechanisms, monitoring and evaluation framework for debt instruments. UNDP has engaged with over 40 countries to date.

UNDP's key take-aways for countries exploring debt instruments/bonds:

Mobilizing private sector capital,

particularly from institutional investors, such as pension funds is essential

Support a conducive policy environment

for financial instruments targeting climate and nature and that align social and environmental safeguard standards.



Thank you!



Climate and Forests



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