

How to enhance coherence and coordination in public and private sources of forest finance?

M. J. Sanz, FAO



Questions?



- **Where we stand?**
- **How to match developing countries financial needs to achieve sustainable results?**
- **Is there a single solution? Only one sequence?**
- **What we learnt while supporting REDD+? Did we learnt something?**



Questions?

- **Where we stand?**
- How to match demand of finance to achieve sustainable results?
- Is there a single solution? Only one sequence?
- What we learnt while supporting REDD+? Did we learnt something?



REDD+

Interaction of Needs and Sources

Needs

- Strategies, plans
- Needs for building capacities and consolidate institutions and arrangements
- Resource needs for implementation of policies and actions
- Needs for performance assessments

Financial
agreements

- Readiness
- Investments (PAMs)
- Result Base Payments

Present (short term)
versus
Future (Long term)

Sources

- Domestic public
- Multilateral financial institutions
- International funds and initiatives
- Bilateral funding
- Institutional investors
- Regional development banks
- National Development Banks
- Commercial domestic banks
- Private Investors

REDD+.....Sources

Sources

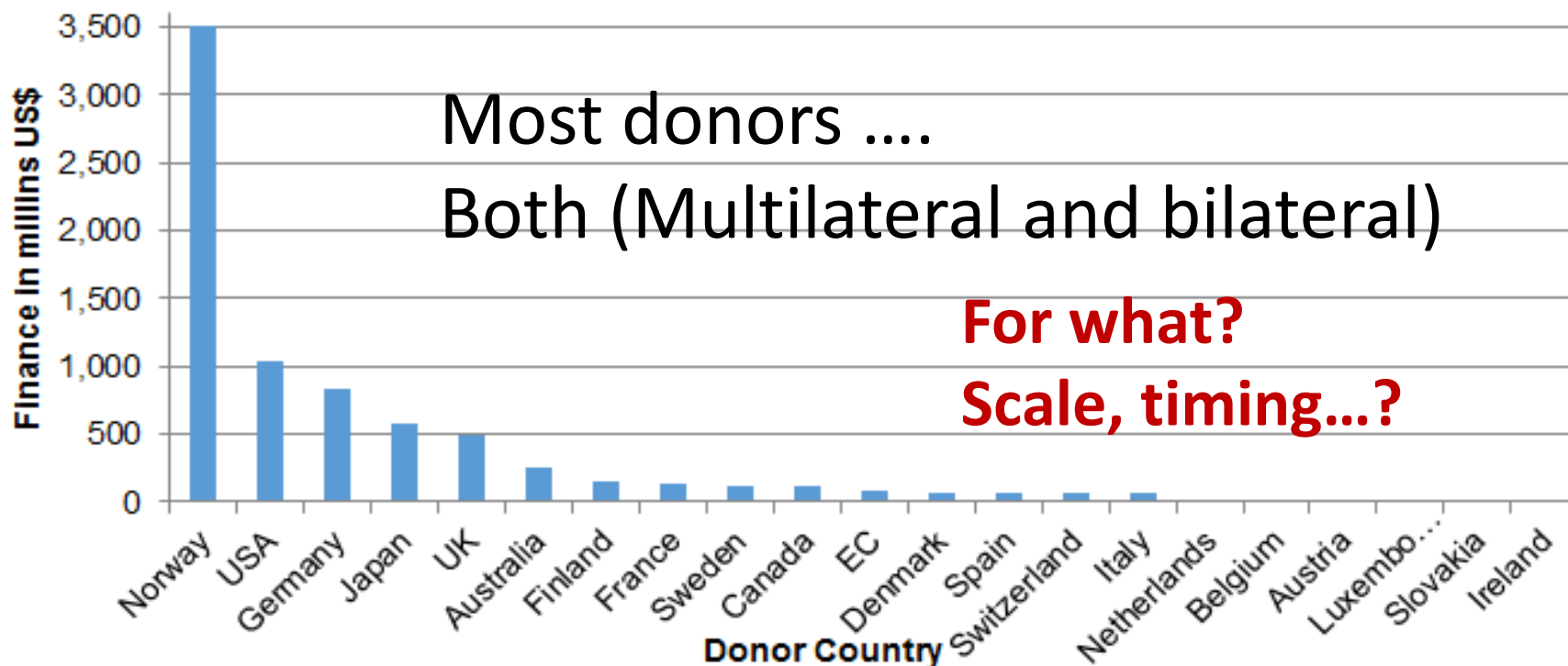
- Bilateral arrangements (mostly RBPs)
- Multilaterals (Funds and programs), examples:

Readiness	Investments (PAMs)	RBPs
FCPF Readiness Fund	FIP	FCPF Carbon Fund
UNREDD Programme	GEF	
GCF?	GCF?	GCF?

- NGOs projects (mostly readiness)
- Domestic budgets (mostly investments)
- Voluntary Markets (RBPs)
- Others (Amazon Fund, CBFF, etc.) (various)

- Readiness
- Investments (PAMs)
- Result Base Payments

Donor country pledges for REDD+ for the period 2006-2014



Source: Compilation of public sector reported data from the REDD+ Partnership Voluntary REDD+ Database and ODI and HBF Climate Funds Update covering REDD+ financial commitments for 2006 to 2014. From Norman and Nakhooda, 2014.

**North-South... South-South... Multilateral... Bilateral...
International... domestic other?**

More than 8
Billions....

Why yet not
the expected
progress?

Type of funding/donor	Scope of Data	Data Tracking Institution/source	Total financial pledge/investment reported in millions US\$
Bilateral	21 donor countries ⁸	Detailed assessment and compilation using: ODI FSF data 2010-2012 Voluntary REDD+ Database (VRD) of the REDD+ Partnership (2006-2013)	4,035
Multilateral	6 multilateral REDD+/forest focused funds ⁹	ODI HBI CFU tracking (2008-March 2014)	3,142
Multiple channels	21 donors and 6 multilateral REDD+/forest focused funds	Detailed assessment and compilation using: ODI FSF data 2010-2012 Voluntary REDD+ Database (VRD) of the REDD+ Partnership (2006-2013)	23
Unknown	21 donors and 6 multilateral REDD+/forest focused funds	Detailed assessment and compilation using: ODI FSF data 2010-2012 Voluntary REDD+ Database (VRD) of the REDD+ Partnership (2006-2013)	465
Private Foundations	10 REDD+ countries ¹⁰	Forest Trends' REDD-X March 2014	101
Private sector	162 projects	Ecosystem Marketplace 2013	900
Total			8,666

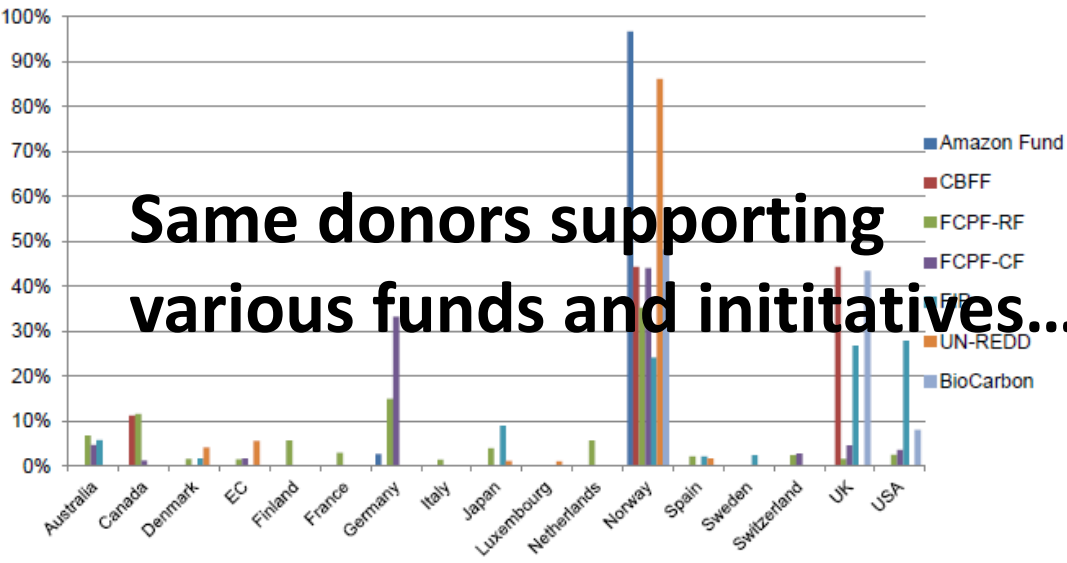
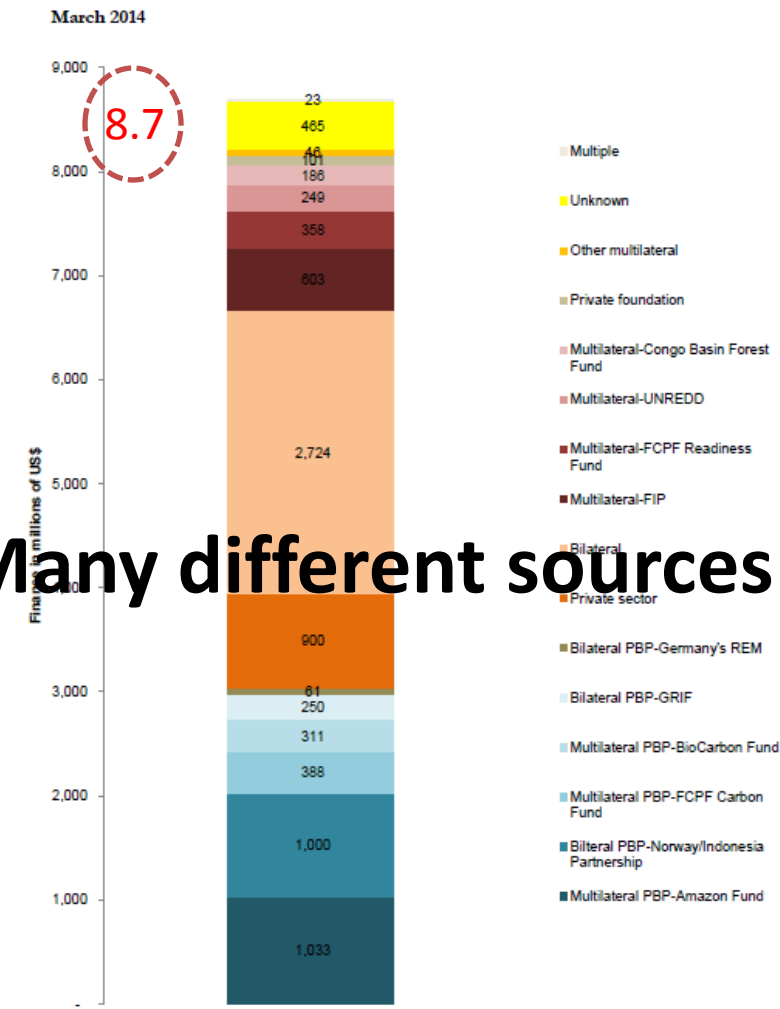
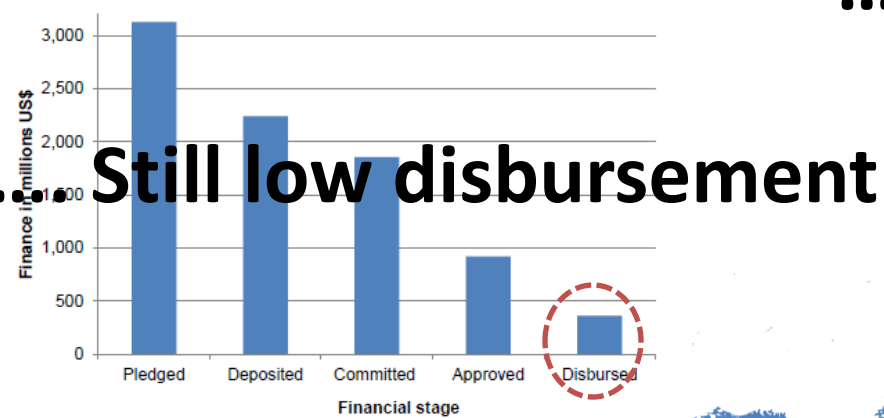


Figure 1: How global REDD+ finance stacks up: Public and private pledges 2006 to March 2014



...Many different sources

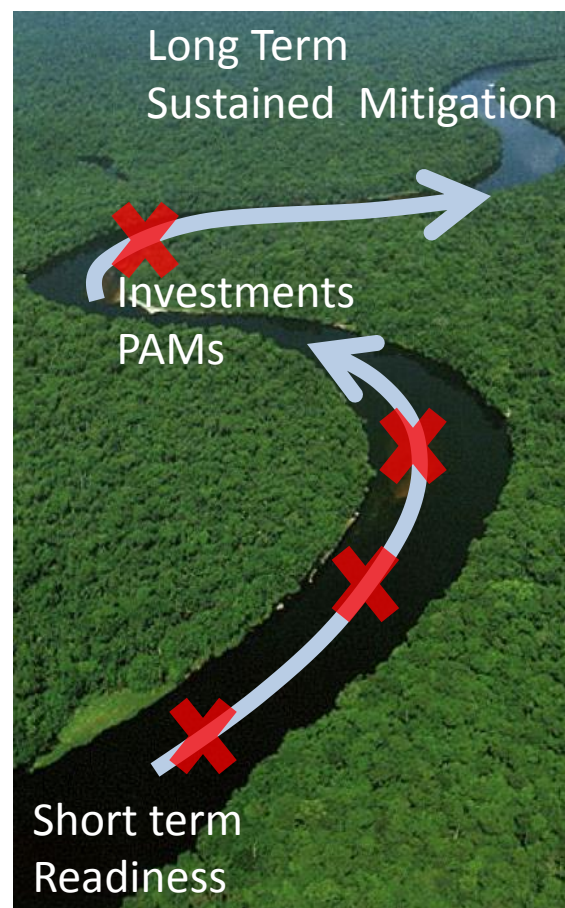


Marigold Norman and Smita Nakhoda. 2014. "The State of REDD+ Finance." CGD Working Paper 378. Washington, DC: Center for Global Development.

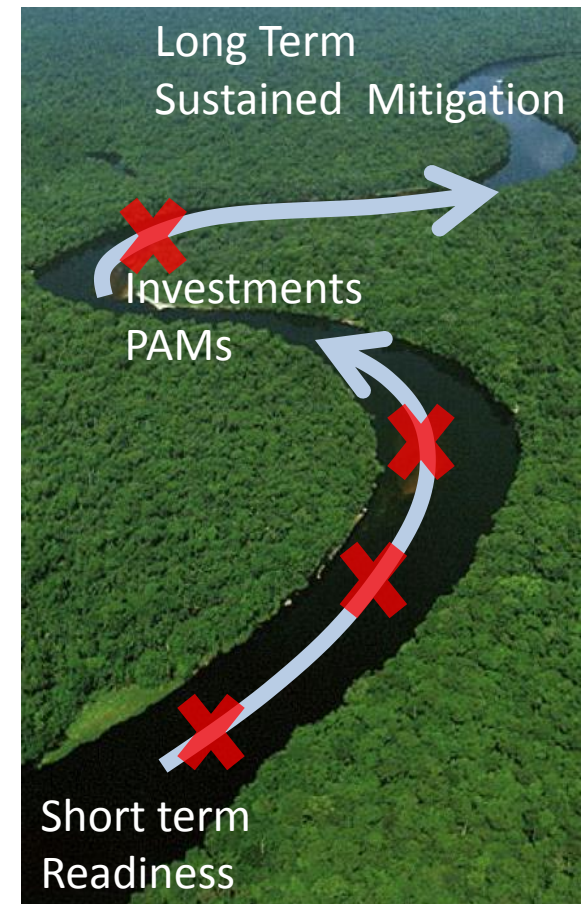
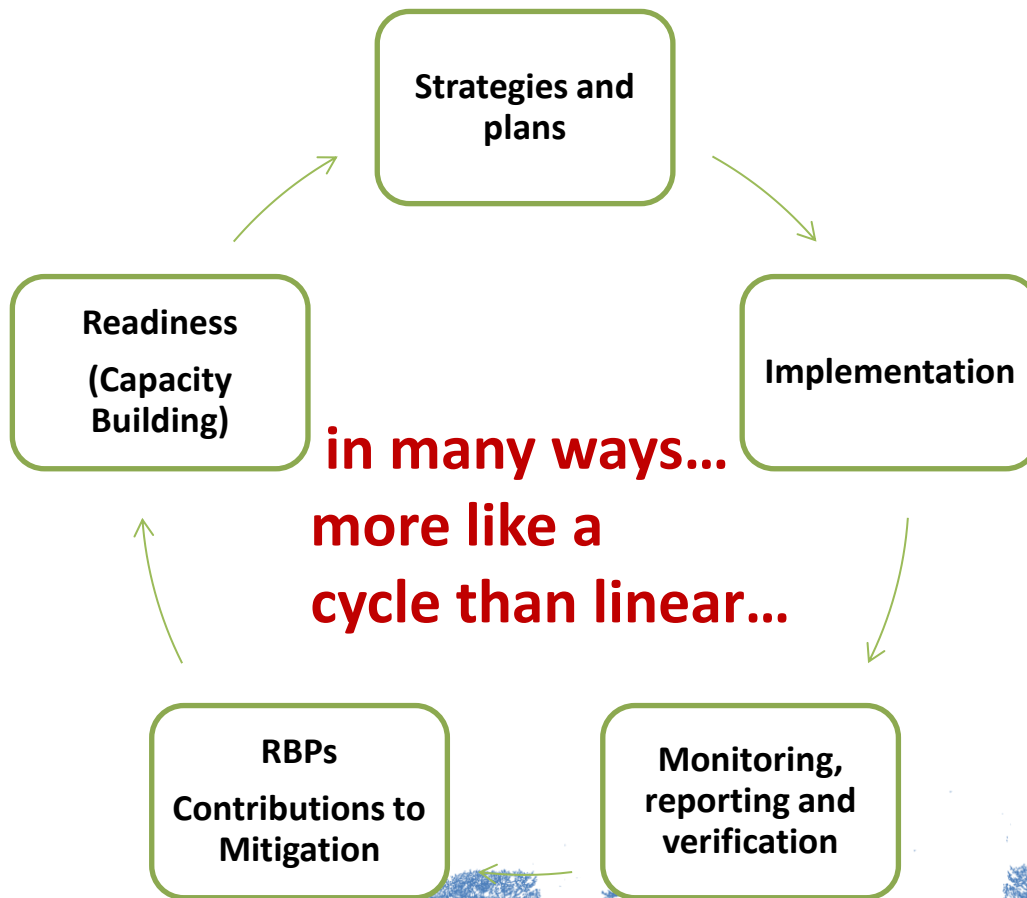
Source: Compilation of public sector reported data from the REDD+ Partnership Voluntary REDD+ Database and ODI HBF Climate Funds Update covering REDD+ financial commitments for 2006 to 2013. Private sector data is sourced from Ecosystem Marketplace's State of the Forest Carbon Markets Report 2013. Private Foundation data from Forest Trends' REDD+ initiative data as of March 2014. "TEP" stands for "performance-based payment" to represent programmes paying on performance or verified emissions reduced.

Countries are at different stages and levels of understanding....

Do countries have the capacity to handle this diverse and fragmented landscape of support?



Where countries stand?



Questions?

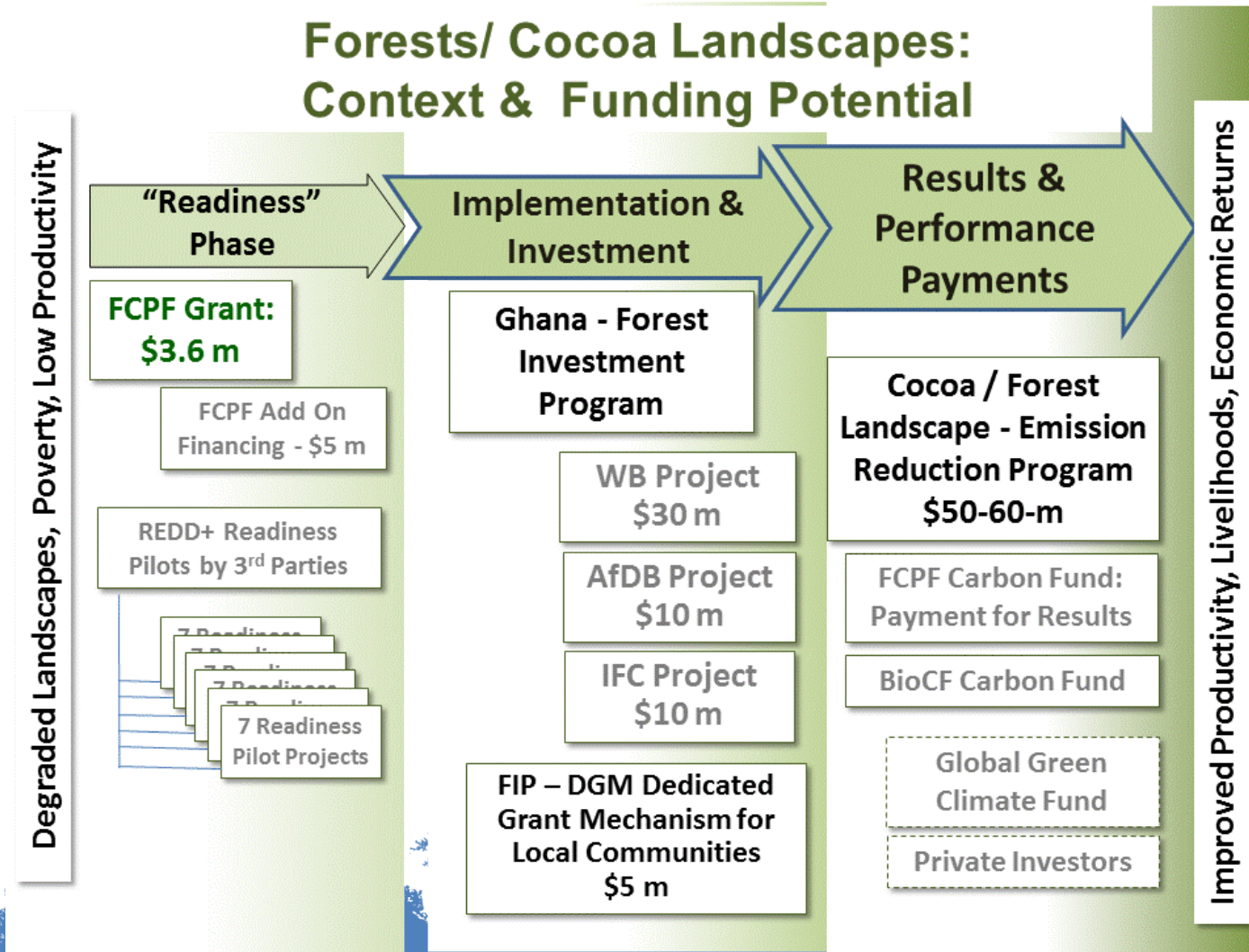
- Where we stand?
- **How to match demand of finance to achieve sustainable results? Is there a single solution? Only one sequence?**
- What we learnt while supporting REDD+? Did we learnt something?



Example: Ghana

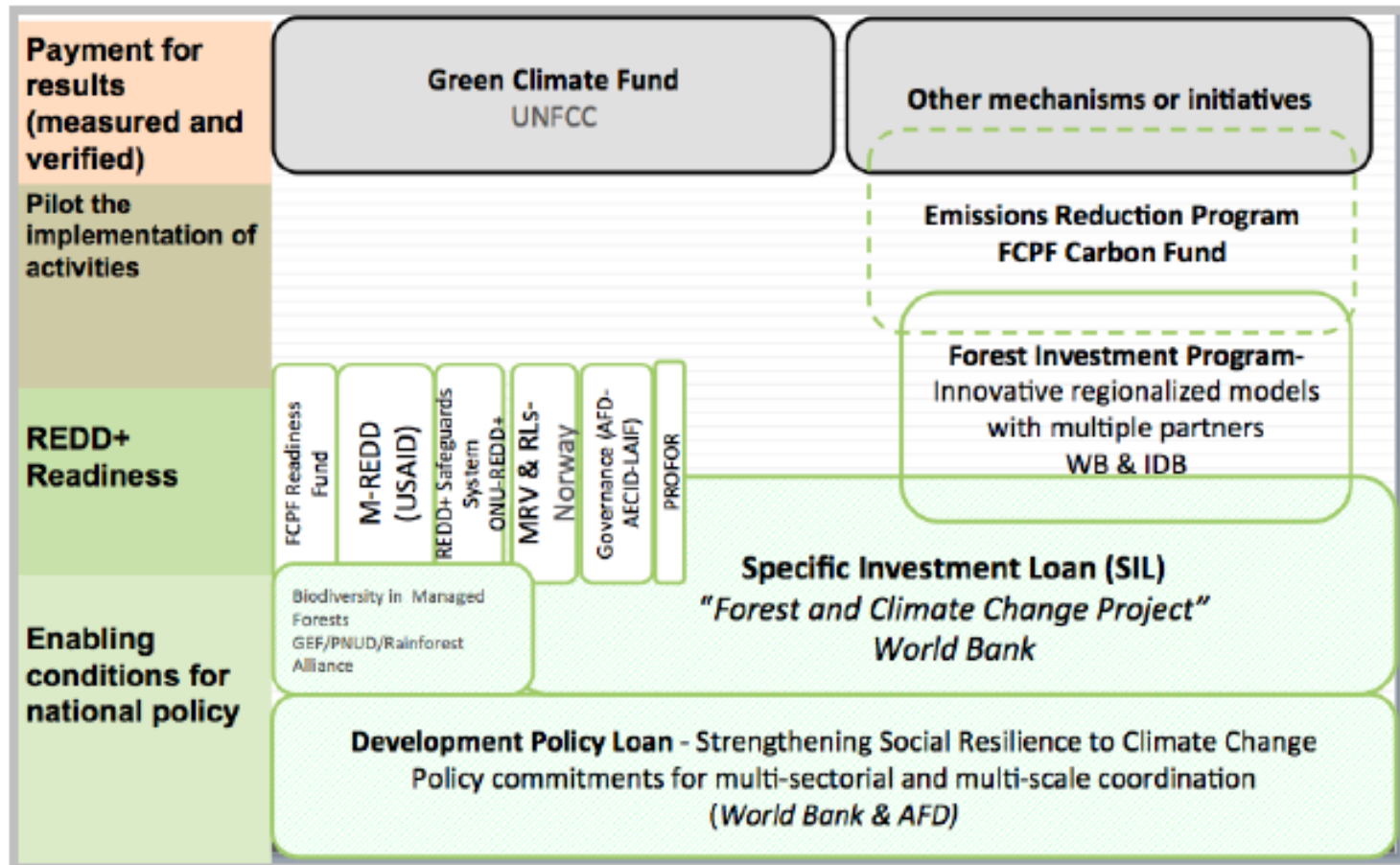
Towards addressing a driver...

Forests/ Cocoa Landscapes: Context & Funding Potential



Example: Mexico

Towards rural development...



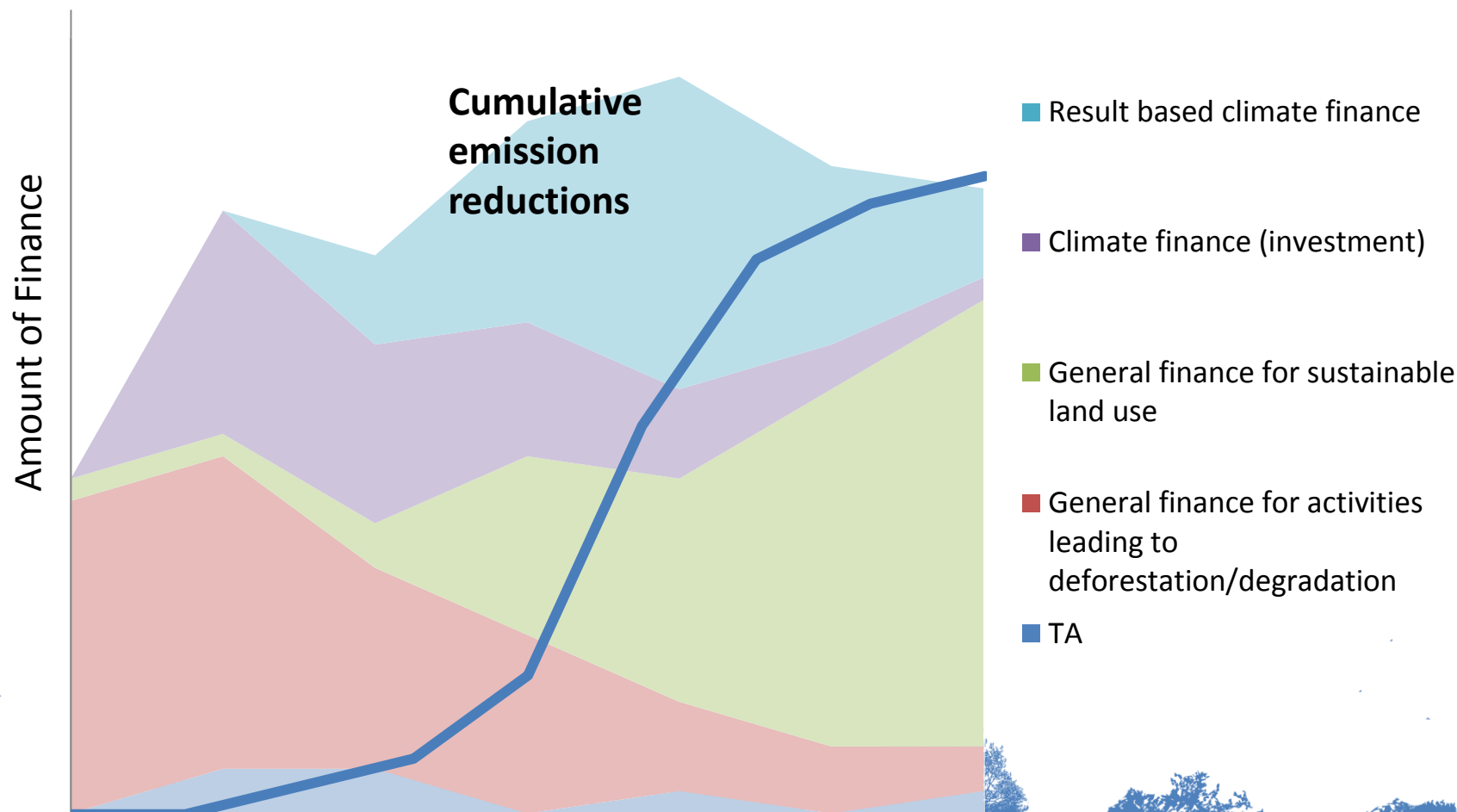
Questions?

- Where we stand?
- How to match demand of finance to achieve sustainable results? Is there a single solution? Only one sequence?
- **What we learnt while supporting REDD+? Did we learnt something?**



Ideal.... but...

Not a single standard solution, need to adapt to country situations....



to match demand of finance to achieve sustainable results....

What we learnt?



- REDD+ **not linear**, more a cycle. **Timing and scale of finance matters** to country processes and differences.
- Many countries face barriers for implementing the national REDD+ policies and measures and **significant funding** is required to overcome some of these barriers.
- Long-term, cumulative emission reductions only can be **created and maintained** from a financing mix.
- Need to **leverage existing finance and ensure this will contribute to sustainable land use practices** (amount often many times larger than climate finance) if long term mitigations is aimed.