



Private Sector Engagement at FCPF and ISFL

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Overview of the FCPF and ISFL



Forest Carbon Partnership Facility

- **First of its kind** global partnership focusing on reducing emissions from deforestation and forest degradation in developing countries, or **REDD+**.
- The FCPF supports REDD+ efforts through **Readiness** and **Carbon Funds**.



BioCarbon Fund Initiative for Sustainable Forest Landscapes

- **Second-generation** multilateral facility expanding upon **REDD+** issues to addressing GHG emissions from **AFOLU**.
- The ISFL pilot **jurisdictional programs** to test approaches and share lessons learned broadly.

Forest Carbon Partnership Facility



The FCPF has established collaborative partnership & transparent platform for meaningful exchanges on REDD+ issues

Mission

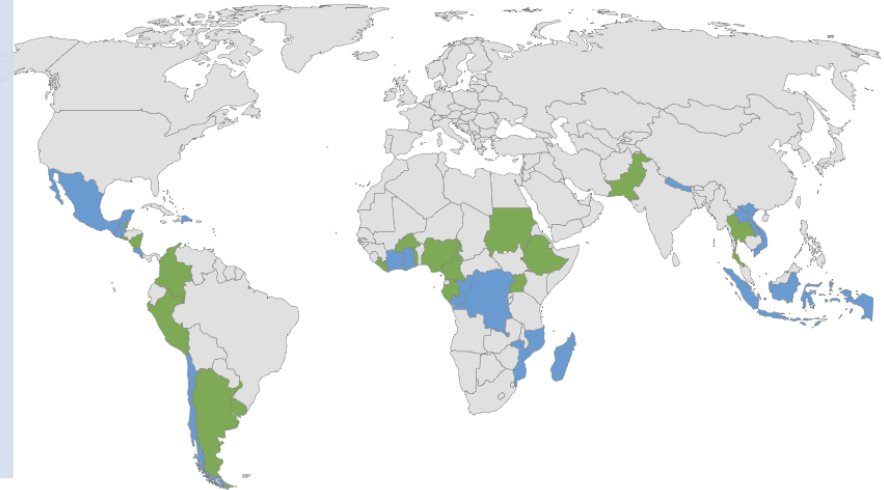
- Operational since 2008
- Readiness fund – \$400 million pledged to
 - Prepare developing forest countries for REDD+ (national monitoring, reference scenarios, strategies, management arrangements)
 - Inform UNFCCC negotiations on REDD+ plus
- Carbon Fund - 15 signed ERPAs planned to be signed with a contract value of \$721.3 million

Participation

- Due to high demand, REDD+ country participation increased from 0 to 20 to 37 to 47
- 17 Donor participants
- 12 CF countries signed ERPAs, value \$602 million
- Total contract volume is 120.4 million ERs

FCPF Country Portfolio

■ Readiness Fund ■ Carbon Fund



BioCarbon Fund



Initiative for Sustainable Forest Landscapes

Background

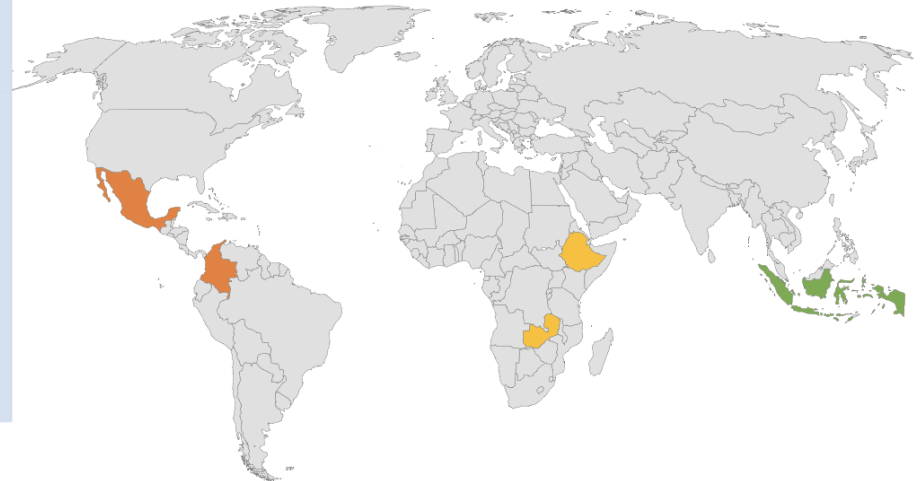
- Launched in Warsaw in November 2013
- Results-based financing for 5 large-scale ER Programs combined with substantial TA packages
- Adopting a landscape approach to transform large rural areas by addressing agriculture, energy, and forest protection
- Focusing on reducing emissions from the AFOLU
- Programs designed to maximize private sector engagement and financial leverage.
 - The objective is to “forest-proof” the sourcing of commodities and redirect market forces towards sustainable and equitable land management practices

Participation

- REDD+ country participation from Colombia, Ethiopia, Indonesia, Mexico, and Zambia
- 5 Donor participants: Germany, Norway, Switzerland, UK, US
- Total grant committed \$69.5 million, with an additional \$87 million in public and private co-financing

ISFL Country Portfolio

■ LAC ■ Africa ■ Asia

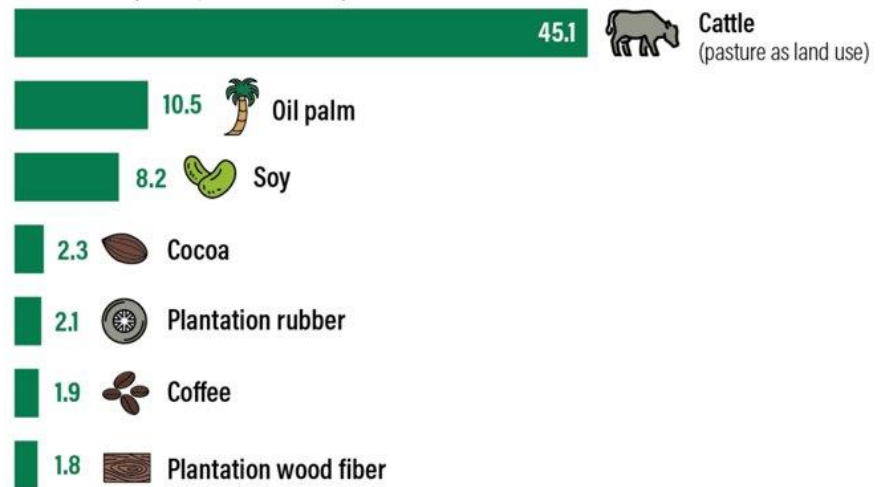


Role of commodities

- **80%** of the deforestation is caused by **agriculture expansion**
- Recent study by World Research Institute concluded that **seven** agricultural commodities accounted for **26%** of global tree cover loss from 2001 to 2015
- FCPF and ISFL are targeting key deforestation-driving value chains such as cocoa, coffee, livestock & dairy, palm, cashew, vanilla, timber, NTFP, mining, and ecotourism



Deforestation (2001-15, million hectares)



Source: Global Forest Review
21.02.09



Role of Climate Finance

Are there policy and regulatory gaps/weaknesses that we can address to improve private incentives, and reduce transaction costs and risks?

Regulatory Reform

Public Private Dialogue

Industry Platforms

Can public investment help crowd in private investment?

Blended Finance

Liquidity

Risk Management Support

Do private sector enterprises have sufficient knowledge to operate sustainably, and if not can support help alter and improve behavior?

Extension Support

Technical Assistance

Sustainable Business Advice

Private sector engagement approach For FCPF and ISFL

PS engagement through
three main modalities:

Industry
Commitments

Cooperative
Engagements

Private Sector
Deals

And on **three distinct
levels:**

Firm level

Sectoral level

National/jurisd
ictional level

**Working with
IFC:**

Prove a better
and more
sustainable
business model
to be scaled up

**FCPF and ISFL PS
Engagement:**

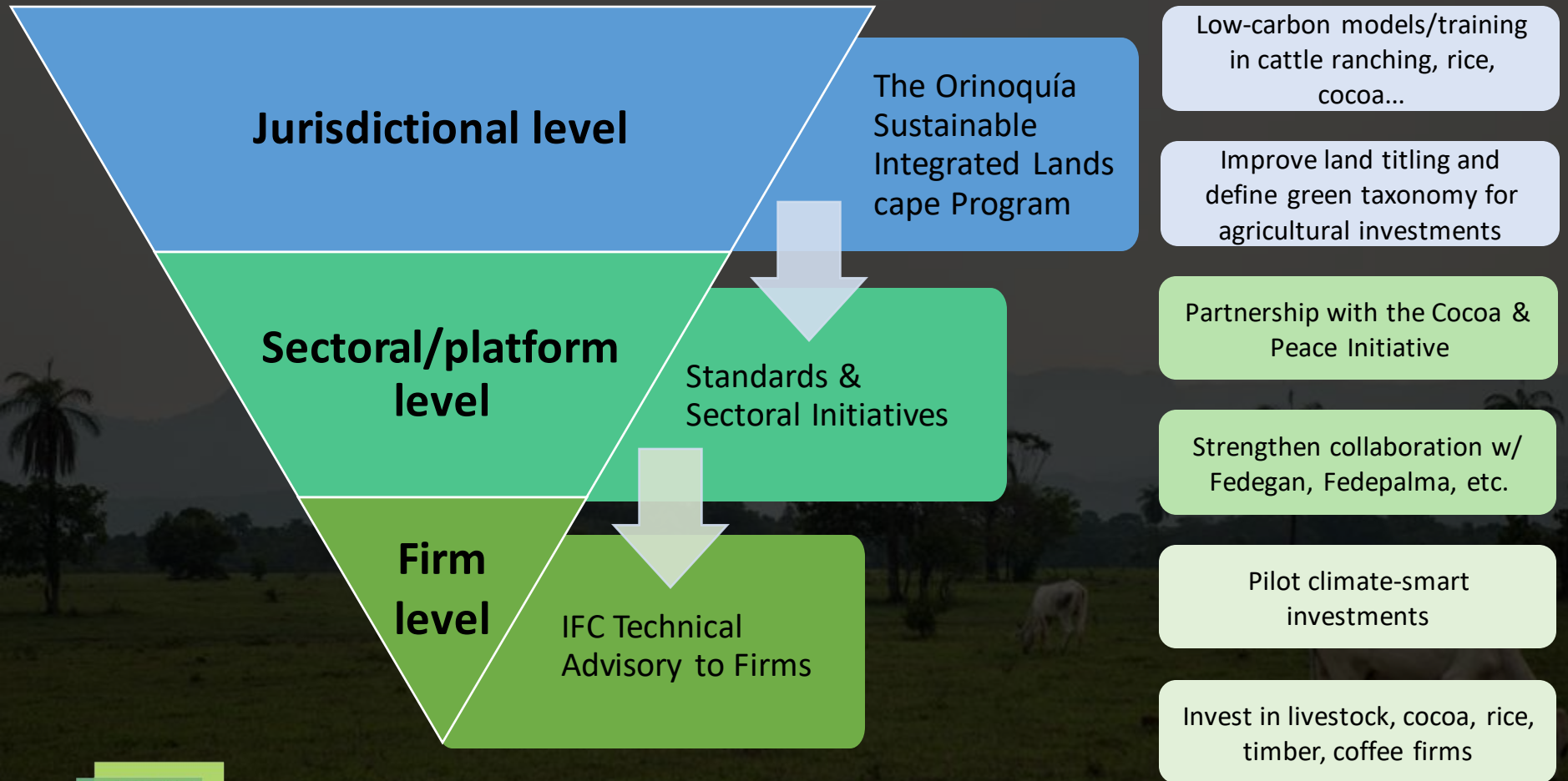
Select value chain
entry points such as
cocoa, coffee,
livestock, palm, etc.
Facilitate operational
change, scale up
innovative pilots to
leverage PS finance

**FCPF and ISFL ER
Programs:**

Tackle policy and
regulatory issues
such as land tenure,
credit, market access
Improve the
enabling
environment,
provide technical
assistance and
capacity building

Example of Private sector engagement

ISFL Colombia





Conclusions



- **Celebrating achievement:** Progress has been made; took 12 years for countries to be ready at jurisdictional level for REDD+
- **Action:** now putting programs and agreement to action and providing result-based payments
- **Still Not enough:** this is still an emergency; we need leveraging other resources (Gov/Private/Climate finance) to work at scale



**BioCarbon
Fund**



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Thank you!