Forest Carbon Partnership Facility

Linkages between different types of REDD+ financing, including the FCPF Carbon Fund and FIP

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FOREST CARBON PARTNERSHIP FACILITY

Update on the discussion in the FIP

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Update on the discussion in the FIP

Objectives of the different instruments:

- **FIP Design Document**: "The FIP would not in itself provide the incentives presently necessary to significantly reduce forest related GHG emissions, but would enable pilot countries to leverage such incentives if established under a UNFCCC forest mechanism"

- **FCPF Charter objectives:**
- "To assist Eligible REDD Countries in their efforts to achieve Emission Reductions from deforestation and/or forest degradation by providing them with financial and technical assistance in building their capacity to benefit from possible future systems of positive incentives for REDD;
- To pilot a performance - based payment system for Emission Reductions generated from REDD activities, with a view to ensuring equitable benefit sharing and promoting future large scale positive incentives for REDD"

Update on the discussion in the FIP (cont')

- Questionnaire sent around on linkages between FIP investment funding and performance-based finance

Food for thought

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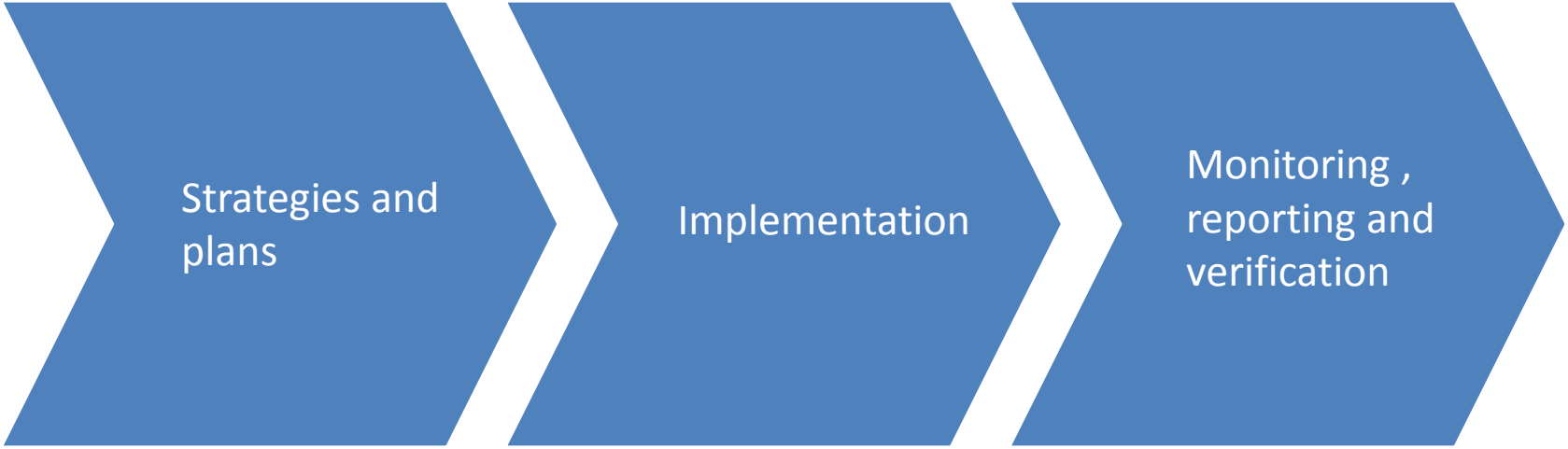
Issue 1: Timing of REDD+ financing

- Cancun identifies phases of REDD+ as
  - Development of national strategies or action plans, policies and measures and capacity building
  - Implementation of national policies and measures and national strategies or action plans that could involve further capacity-building, technology development and transfer and results-based demonstration activities
  - Results-based actions that could be fully measured, reported and verified

- However:
  - Slowing and ultimately halting deforestation and forest degradation will be a **long process**.
  - Strategies and other components will need to be regularly **updated and revised** to reflect changes in country circumstances and the drivers of deforestation.
  - Strategies and other components may **overlap or in turn be informed** by activities undertaken

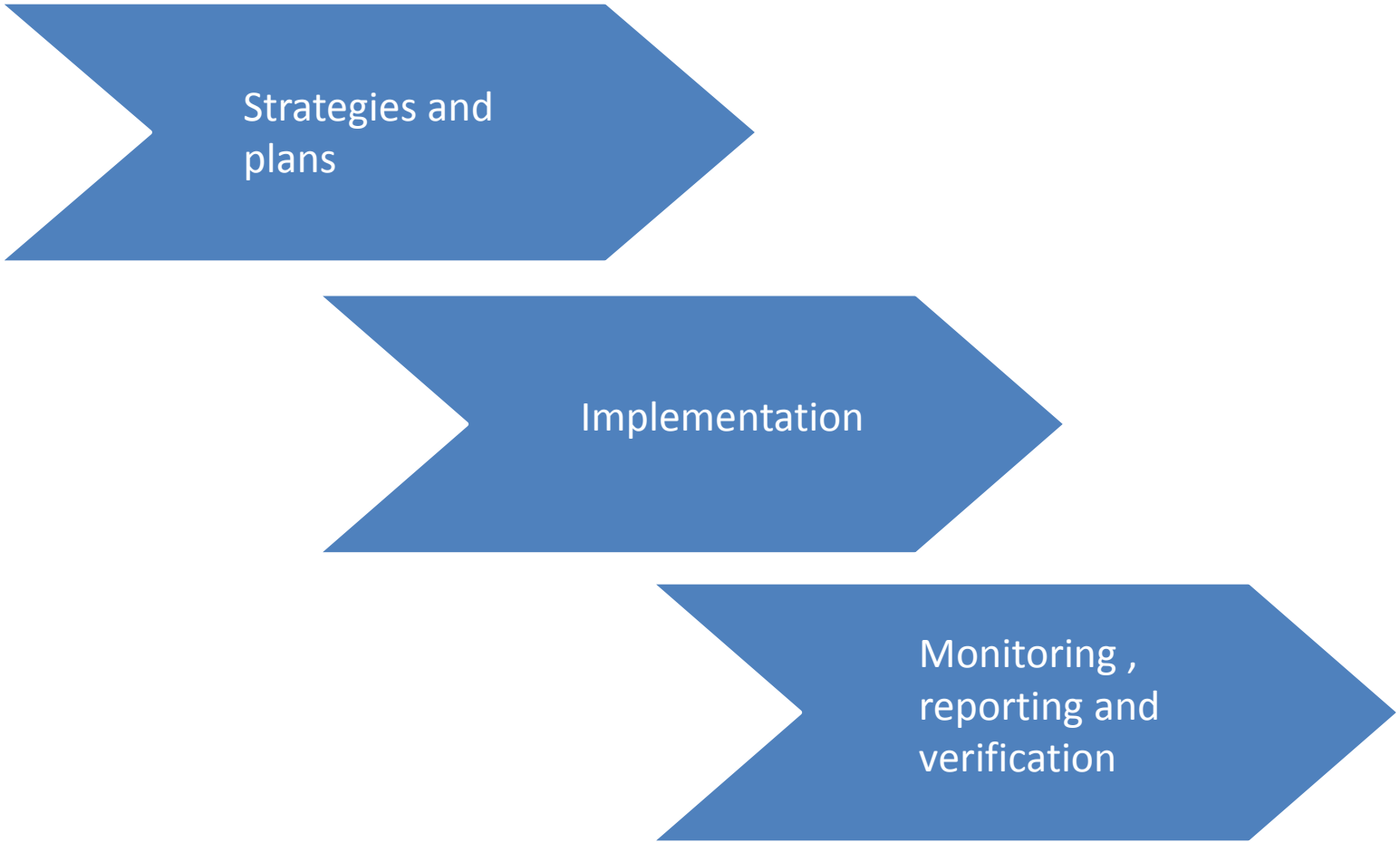
Evolution of thinking about the timing of REDD+ financing

In the beginning, REDD+ finance was seen as a linear process



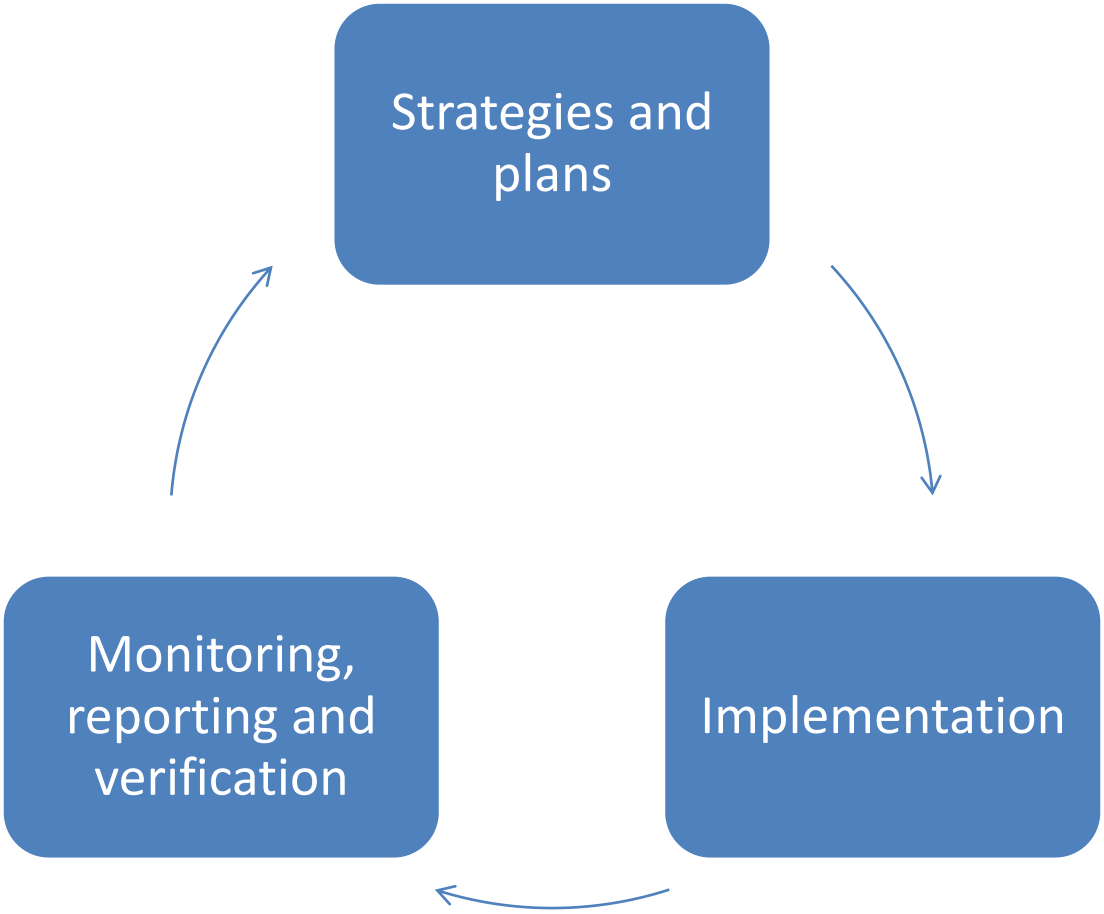
Evolution of thinking about the timing of REDD+ financing (cont')

Realization that there was an overlap between the different phases



Evolution of thinking about the timing of REDD+ financing (cont')

… but with the need to revise and update Readiness components, experience in countries is showing that REDD+ is actually more of a continuous cycle

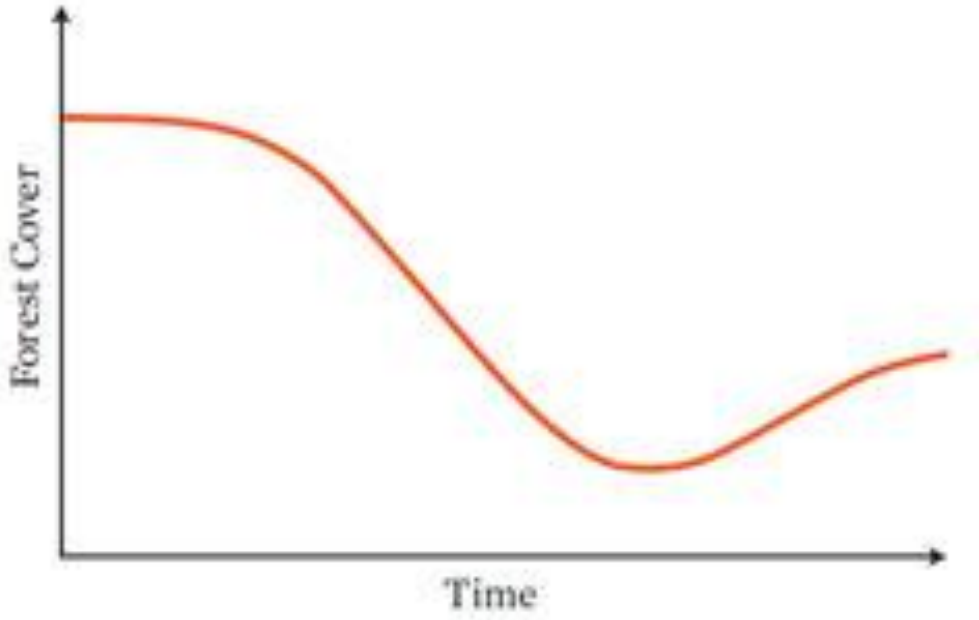


Issue 2: Definition of emission reductions

- The Charter of the FCPF defines Emission Reductions as “real and verifiable emission reductions generated from Emission Reductions Programs”.
- Other types of financing might rely more on proxy approaches to do an ex-ante estimation of emission reductions that might result from certain interventions.
- However the assumption for REDD+ is that emission reductions do not need to be attributed to specific policies or actions
- Hence the MRV systems are usually designed to provide the net emission reductions resulting from a set of policies and interventions.

Issue 3: Size of financing needed

- Many countries face barriers for implementing the national REDD+ policies and measures
- Significant and different types of funding are required to overcome some of these barriers.
- Helping countries to change their trajectory on the forest transition curve which is very much related to general sustainable development



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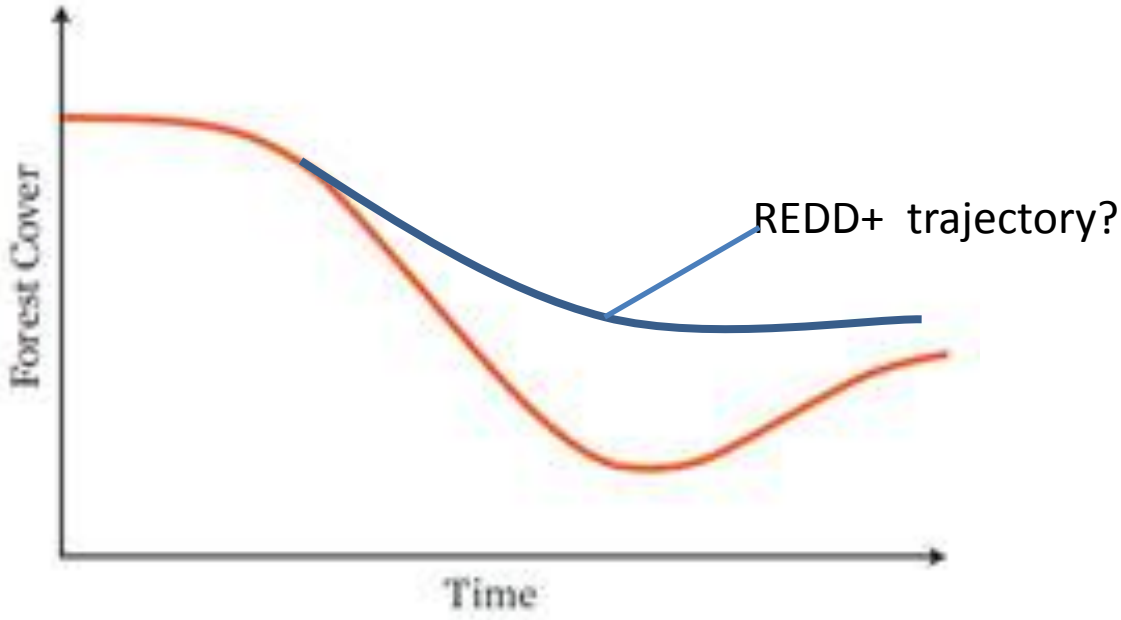
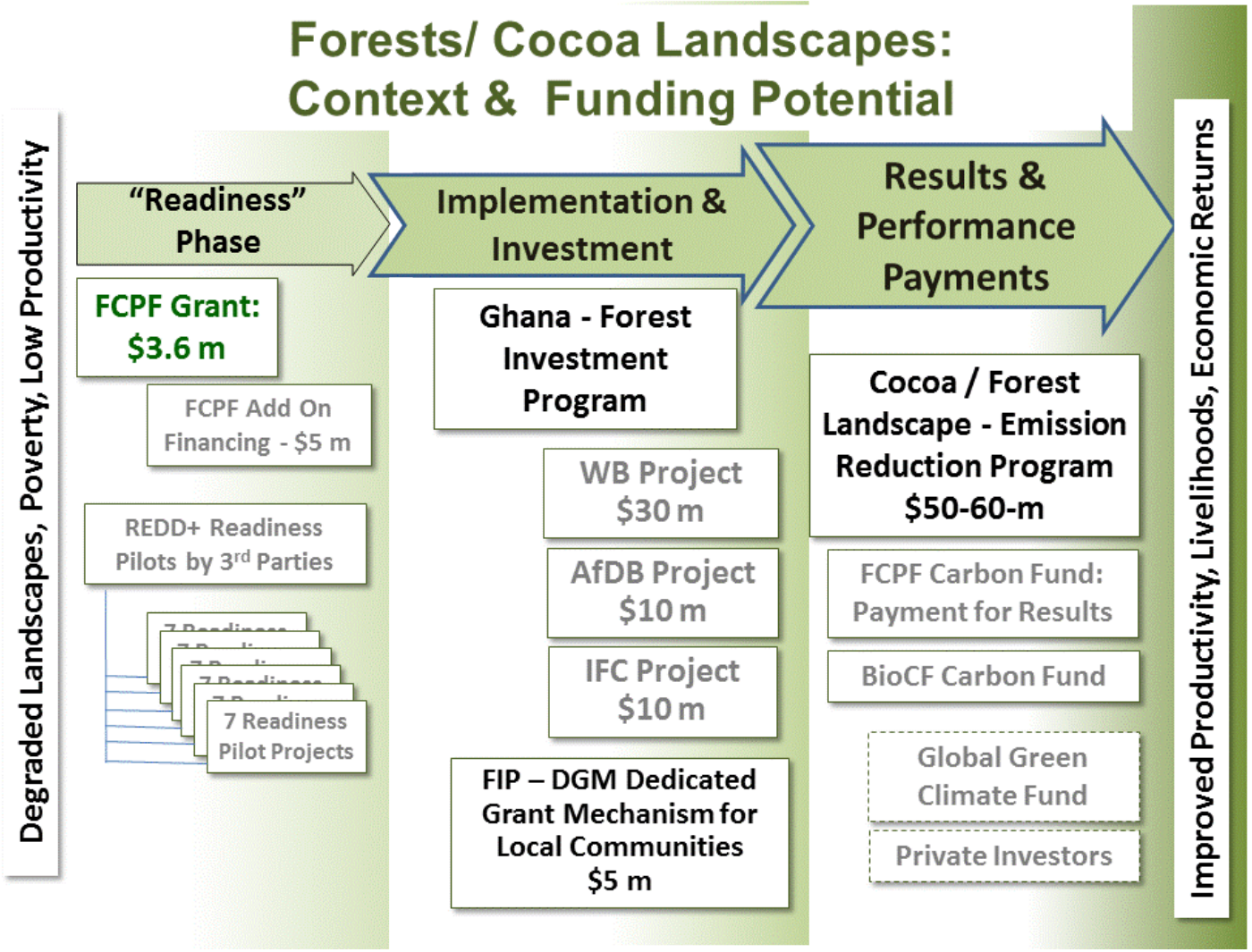
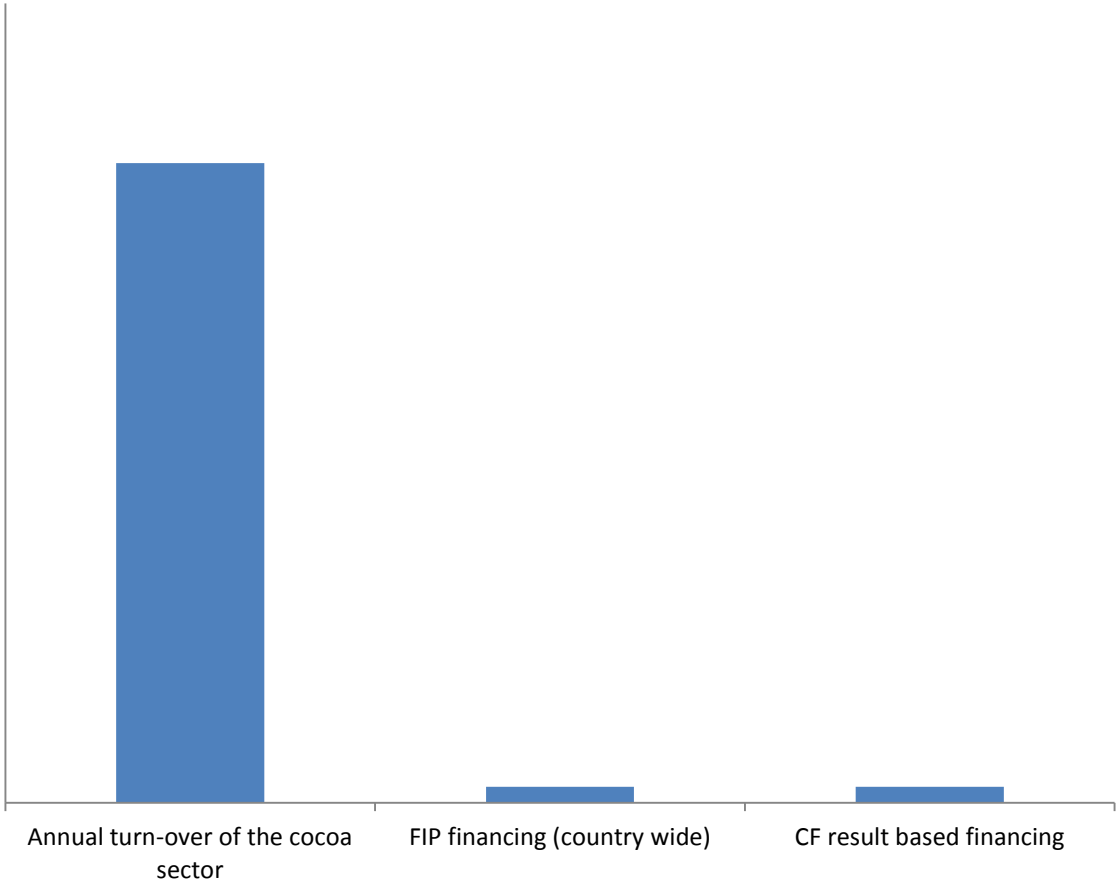


Issue 3: country example Ghana



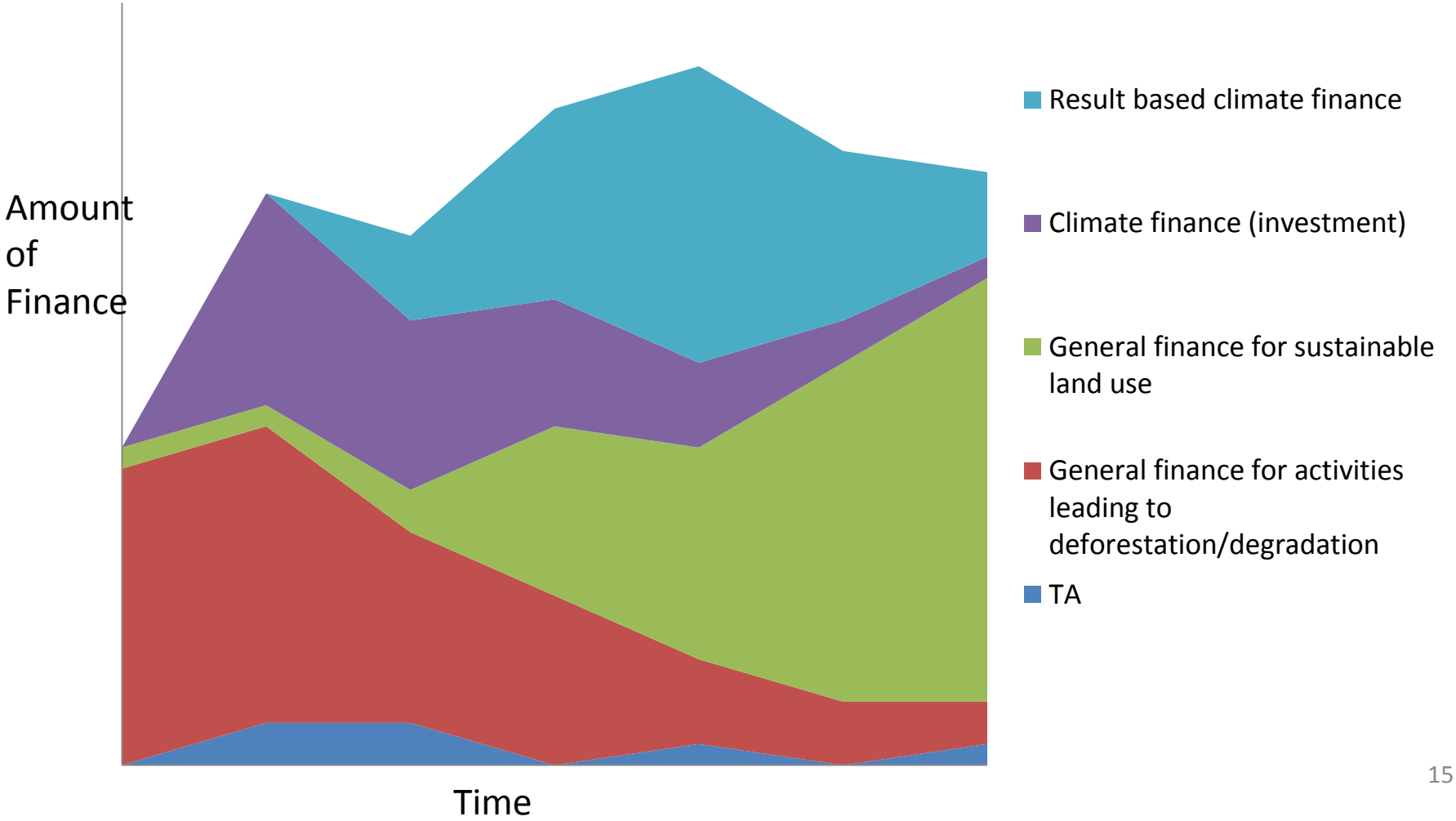
Issue 3: country example Ghana (cont')

- However, to succeed the ER Program will need to leverage and re-direct other types of public and private finance that is often many times larger than climate finance



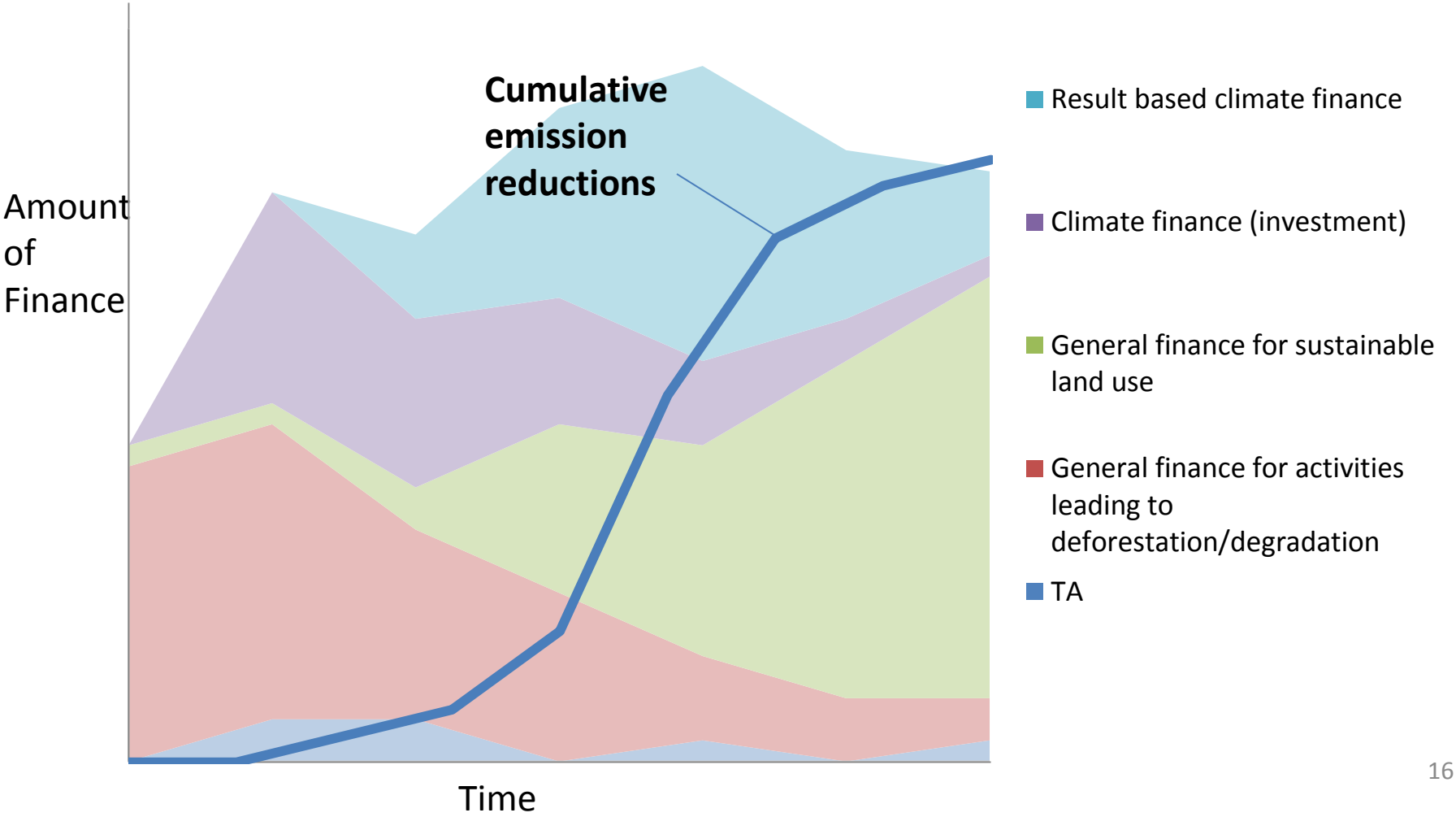
Current thinking within the FMT

It is likely that the finance package for the ER Program will change over time and other types of finance will need to be leveraged and redirected to support sustainable land use



Current thinking within the FMT (cont')

The Fund is interested in the long-term, cumulative emission reductions from the ER Program but these will be **created and maintained** from a different and complementary mix of different types of finance



Key points

- Many countries face barriers for implementing the national REDD+ policies and measures and **significant funding** is required to overcome some of these barriers.
- Need to **leverage existing finance and redirect this to sustainable land use** (amount often many times larger than climate finance)
- Long-term, cumulative emission reductions from the ER Program will be **created and maintained** from a different financing mix
- So far, the assumption for REDD+ has always been that emission reductions do **not need to be attributed** to specific policies or actions
- Going forward, it might be useful to think of REDD+ financing as supporting the **three crucial pieces** required to make REDD+ work: **technical assistance, investments and RBF.** These pieces are not distinct phases, but rather a **structured finance package** to create long-term emission reductions.

THANK YOU!

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