

Green Climate Fund working paper No.2

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# Accelerating REDD+ implementation



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GREEN CLIMATE FUND, June 2019



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## List of abbreviations

<b>AE</b>	Accredited entity
<b>BUR</b>	Biennial update report
<b>ER</b>	Emission reduction
<b>EU</b>	European Union
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>FCPF</b>	Forest Carbon Partnership Facility
<b>FIP</b>	Forest Investment Programme
<b>FREL/FRL</b>	Forest reference emission level/forest reference level
<b>GCF</b>	Green Climate Fund
<b>GEF</b>	Global Environment Facility
<b>GHG</b>	Greenhouse gas
<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>LAC</b>	Latin America and the Caribbean
<b>NDA</b>	National designated authority
<b>NDCs</b>	Nationally determined contributions
<b>NFMS</b>	National forest monitoring system
<b>PPF</b>	Project Preparation Facility
<b>REDD+</b>	Reducing emissions from deforestation and forest degradation; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks
<b>RBP</b>	Results-based payment
<b>SAP</b>	Simplified approval process
<b>SIS</b>	Safeguards information system
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNFF</b>	United Nations Forum on Forests

## Preface

This publication comes at a critical moment in time, when countries are in the process of defining their targets and ambitions for the second round of nationally determined contributions, which are due in 2020. This offers a unique opportunity for countries and the global community to revisit their national climate targets, in light of the ambition to limit the global temperature increase to 1.5 °C, and turn the targets into concrete measurable interventions. The agriculture, forestry and other land use (AFOLU) sector, accounting for a quarter of global greenhouse gas emissions, offers numerous opportunities for countries to meet this global temperature target. It is therefore crucial that countries place forests, as part of wider landscapes, at the heart of their next nationally determined contributions to fully embrace their potential to deliver the necessary results.

It took over a decade to reach a global agreement on a mechanism that acknowledges the role of the forest in addressing climate change under the umbrella of the United Nations Framework Convention on Climate Change (UNFCCC), named REDD+. Even prior to the existence of REDD+, many countries had policies in place and undertook actions to address deforestation. Nonetheless, these efforts were not at the needed pace for tackling deforestation and forest degradation.

Given the recent rise in global emissions from deforestation and forest degradation, it is imperative to increase the speed for catalyzing and mobilizing financing from both public and private sectors in a coherent and complementary manner. Unlocking private capital for restoring and keeping the forests standing is more urgent than ever, and GCF is positioned to play a key role in providing a varied array of financial instruments and mechanisms tailored for the needs of the forest and land use sector.

REDD+ is one of such mechanisms with the potential to promote paradigm shift towards low-emissions and climate resilient development at the scale that is required to tackle climate change, jointly with a collaborative global effort and inclusion of all relevant stakeholders, including forest-dependent peoples who are amongst the most vulnerable population affected by deforestation and climate change. Forests, beyond their role in mitigating climate change, need to be better acknowledged for their roles of conferring climate resilience and as safety nets for the most vulnerable people.

GCF, the world's largest climate fund, remains fully committed to working with countries, accredited entities and partners in achieving the necessary paradigm shift in moving developing countries towards low-emission and climate-resilient development pathways in line with the goals of the Paris Agreement.

## 1. Introduction

REDD+ is vital for global efforts to combat climate change. The Paris Agreement, adopted in 2015 and entering into force in 2020, treats forests as an integral part of the climate solution, and highlights REDD+ as key intervention to achieve the new ambitious global target.

The UNFCCC specifically recognized the GCF as a key funding avenue for channeling REDD+ RBPs.<sup>1</sup> The GCF began offering such payments in 2017, and funding activities that are necessary to achieve REDD+ results since it started to approve funding proposals in 2015.

As at April 2019, the GCF portfolio in the forest and land use sector included 15 projects (2 mitigation and 13 cross-cutting) presented and executed by 12 AEs and taking place in 32 countries. These projects are expected to deliver a mitigation impact of 70 MtCO<sub>2</sub> reduced over 10 years of implementation. These implied approving USD 300 million in GCF resources and mobilizing additional USD 330 million. In addition, GCF readiness support<sup>2</sup> to enable fostering forest-related investments is being implemented in eight countries,<sup>3</sup> accounting for USD 4.5 million.

The portfolio described above has been created in fewer than four years of operation, with the expectation that forests will contribute to address climate change beyond its mitigation role. This means increasing resilience and enhancing the livelihoods of the most vulnerable people, communities and regions, increasing people's health and well-being, enhancing food and water security, and improving the resilience of ecosystems and ecosystem services through forest-related interventions.

In February 2019, in the context of the pilot programme for REDD+ RBPs, GCF approved its

first payment for REDD+ results to Brazil for reducing emissions from deforestation and forest degradation in the years 2014 and 2015. This marked the first payment for REDD+ results following the UNFCCC decisions – a milestone for REDD+. Similarly, like Brazil, many countries are currently finalizing the Warsaw Framework requirements, which will allow them to participate in the pilot programme. As GCF supports all developing countries in implementing actions to reduce forest-related emissions, enhancement and conservation of forest carbon stocks, there is a need to better understand the current status and progress made in implementing REDD+ in order to increase and target the support to developing countries to achieve REDD+ results.

This working paper has been prepared as part of the ongoing development of GCF's sectoral guidance on forest and land use result area, which, among other strategic interventions, identifies the need to increase support for countries in implementing REDD+ and achieving results. The objectives of this working paper are:

- To understand countries' needs on implementing REDD+;
- To identify complementarity and coherence with other sources of funding for REDD+;
- To identify strategic engagement opportunities with countries, accredited entities to the GCF and other stakeholders;
- To identify potential of leveraging private sector in REDD+; and
- To promote access to funding for REDD+ through the Simplified Approval Process (REDD+ SAP).

Most of the findings presented in this Working Paper are based on a survey conducted by the GCF Secretariat from January to April 2019.<sup>4</sup> The survey targeted REDD+ national focal points/entities to the UNFCCC as well as NDAs to

<sup>1</sup> UNFCCC decision 9/CP.19.

<sup>2</sup> GCF Readiness and Preparatory Support Programme.

<sup>3</sup> Bhutan, Burkina Faso, the Congo, Equatorial Guinea, Honduras, Jamaica, the Lao People's Democratic Republic and Malaysia.

<sup>4</sup> See <https://bit.ly/2QjBDNr>.

the GCF. Fifty-five countries responded, and the findings of their responses are presented in the following pages including additional analysis based on publicly available information. The

findings included in this Working Paper do not intend to compare countries' progress on REDD+ as countries circumstances vary greatly.

## 2. Broadening the vision and increasing ambition in the forest and land use sector

### 2.1. The paradigm shift in the forest and land use sector

The challenge for the forest and land use sector is enormous: From 2001 to 2017, there was a global tree cover loss of 337 million hectares, equivalent to an 8.4 percent decrease in tree cover since 2000. From 2001 to 2015, 27 percent of tree cover loss occurred in areas where the dominant drivers of loss resulted in deforestation (World Resources Institute, 2019), most of it in tropical regions. Moreover, it has been estimated that the agriculture, forestry and other land use sector is responsible for close to a quarter of the global GHG emissions, amounting to 10–12 GtCO<sub>2</sub>eq/year (IPCC, 2014).

It is undoubtedly that forests represent an opportunity for climate impact in mitigation through natural carbon capture and storage sinks. The IPCC suggests that boosting the total area of the world's forests, woodlands and woody savannahs could sequester around a quarter of the atmospheric carbon necessary to limit global warming to 1.5 °C above pre-industrial levels (IPCC, 2018). In the near term, this would mean adding up to 24 million hectares of new forest every year from now until 2030 (Lewis *et al.*, 2019).

For a comprehensive understanding of the required paradigm shift in the forest and land use sector, it is essential to acknowledge the complexities of the drivers of land-use change in developing countries. In addition, it is equally crucial to understand the barriers, potential trade-offs and the possible co-benefits that can be achieved by considering forests as part of a wider landscape when public and private investments are made across different land uses.

GCF investments require a change in approach to the role of forests in a country's economic

development. Rather than discrete interventions with delineated boundaries, GCF funded interventions need to encourage sustainable development pathways, where forests play a key role in reaching low-carbon and climate-resilient pathways to economic development. This requires countries to embrace REDD+ interventions and finance among the means to address their main sources of GHG emissions (i.e. the agriculture, forestry and other land use sector) and to ensure the alignment of their development strategies with their forest and climate objectives.

Paradigm shift in the forest and land use sector – which is context-specific in nature – implies that countries rethink and redefine economic growth and social well-being, in the sense that planned development pathways do not include forests being lost and acknowledges the rights of forest-dependent people. Under this approach, REDD+ interventions are one ingredient in shifting the paradigm. Numerous barriers hindering paradigm shift remain. These mainly relate to the enabling environment (political, normative, institutional, financial, social inclusion) for ensuring the sustainability and staying power of investments.

In the broad context of forest and land use as part of countries' development strategies, paradigm shift may be achieved by pursuing two distinct decoupling tasks: (1) decoupling the production of goods and services from unsustainable forest landscape consumption and (2) decoupling the satisfaction of human needs from ever more consumption (Göpel, 2016). Here, the private sector is a key player in the generation of revenues from land uses such as agriculture, cattle production, forestry and other extractive industries, and its role should be given further attention both at the farm or production site level and in the context of global commodities systems.

For example, global commitments such as the New York Declaration on Forests, the Tropical

Forest Alliance and the Bonn Challenge acknowledge the urgency for committing to and achieving zero-deforestation value chains and go beyond national strategies. Nevertheless, there is a need for increasing ambition (rapid and structural change) and accountability to such pledges. On the basis of progress made and results achieved through the implementation of pilots and interventions under these global initiatives, it is clear that the international community needs to raise the bar if it is to stand a chance of meeting the goal of 2 (or 1.5) °C, as agreed under the Paris Agreement.

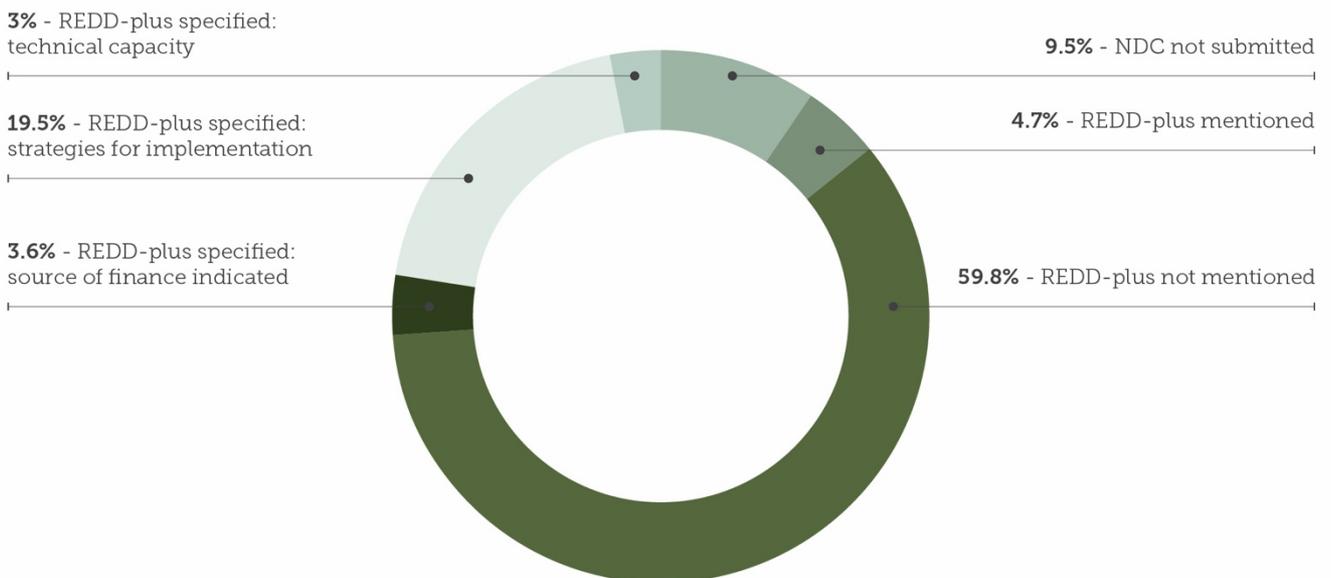
### 2.2. An overview of the nationally determined contributions on forests and land use

At the time of writing, 183 countries have submitted their first NDC and one country has submitted its second NDC (UNFCCC, 2019b). As of November 2016, 73 percent of all submitted NDCs included a mention on land use, land-use change and forestry (Frizen, 2016). The countries

that submitted those NDCs account for more than 70 percent of the absolute natural forest cover and approximately two-thirds of natural forest annual loss in developing countries (Hein *et al.*, 2018).

Regionally, 16 percent of the NDCs in Africa and 16 percent in the Asia-Pacific regions consider REDD+ specifically, while in the LAC region 32 percent of the countries' NDCs include REDD+ activities (Schletz *et al.*, 2017). REDD+ is considered in these NDCs in several ways, but only 18 countries refer to specific financing instruments such as REDD+ RBPs and market-based approaches (Hein *et al.*, 2018). According to the same authors, 60 percent of assessed NDCs (n=169) did not make any explicit mention to REDD+, while 3.6 percent of the assessed NDCs specified sources of finance related to REDD+, 19.5 percent indicated strategies for REDD+ implementation and only 3 percent specified REDD+ in relation to enhancing technical capacity (Figure 1).

**Figure 1.** Percentage of countries considering REDD+ in their NDCs (n=169 countries)<sup>a</sup>



<sup>a</sup>Adapted from the German Development Institute, 2019 (<https://klimalog.die-gdi.de/ndc/#NDCExplorer/>)

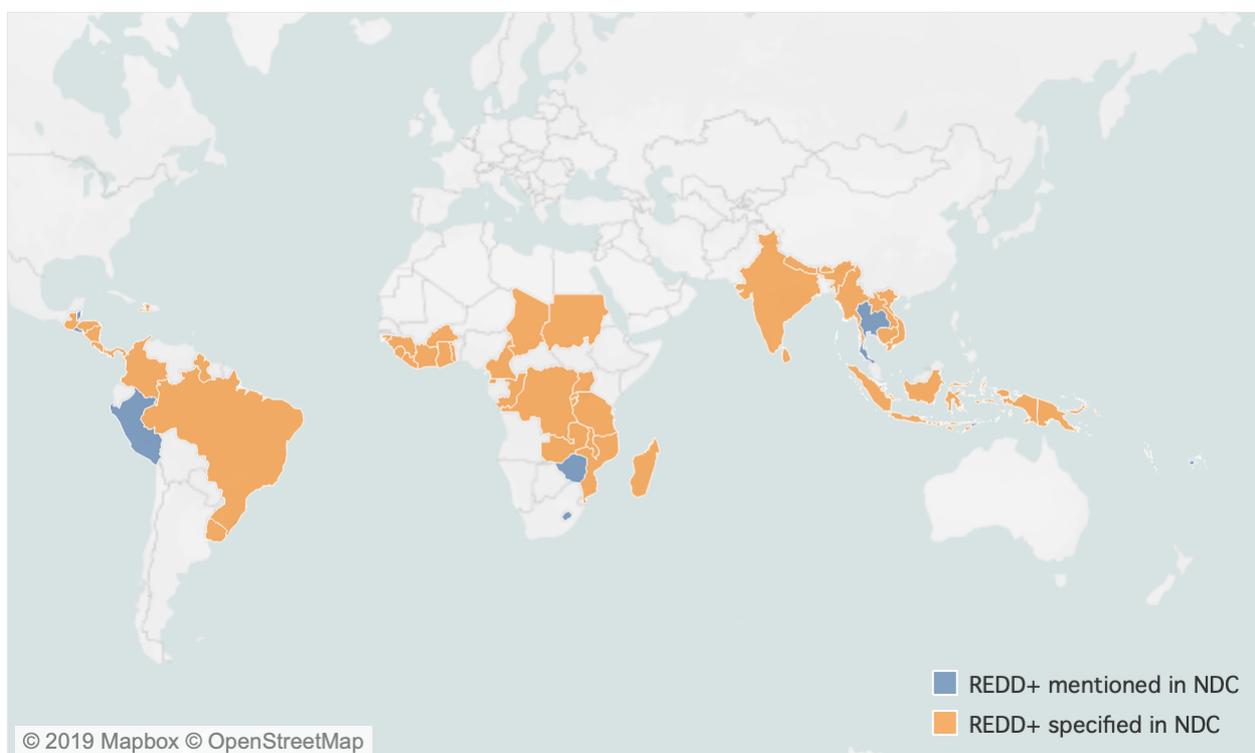
The 25 countries with the highest forest cover have all included forest-related mitigation measures (reduced deforestation and forest degradation, afforestation, enhancement of forest carbon stocks, forest conservation and agroforestry) in their NDCs (FAO, 2018), and many countries have stated in their NDCs that forests are a natural solution for both mitigation and adaptation (Petersen & Braña Varela, 2017). In addition, several countries have included landscapes and ecosystems restoration as part of their strategies to increase resilience within their national adaptation plans as well as NDCs.

Countries are due to submit their second NDCs in 2020. As described above, forest-related targets in current NDCs are not clearly presented in a manner that is commensurate with the role forests can play in supporting the international community to reach the 1.5 °C target. By setting clear and ambitious goals in their NDCs countries could be better positioned to achieve their own

targets and identify better their funding needs that could be assisted through domestic and international sources. With the clear potential that forests have for supporting the 1.5 °C goal, countries have the opportunity with their second NDCs to embed ambitious and strategic forest related targets. This report strives to inspire countries to ensure that forests are taken into consideration when revising their NDCs.

Through their existing NDCs, several countries have communicated that their mitigation efforts in the forest sector will be coordinated through their REDD+ frameworks, highlighting the importance of REDD+ in national efforts – especially for measuring and reporting on mitigation outcomes. In general, even NDCs that do not include forests within their scope still indicate the intent to mitigate emissions in this sector, or to include measurable mitigation targets (Watts, 2017).

**Figure 2.** Consideration of REDD+ in countries' NDCs<sup>a</sup>



<sup>a</sup>Countries' specification of REDD+ in their NDCs include: enhancing technical capacity, as source of finance or as a strategy for implementation. Adapted from Pauw, et al. 2016 (<https://klimalog.die-gdi.de/ndc/#NDCExplorer/>)

In addition to the mitigation potential of forest and land use interventions, more than 70 countries considered the forestry sector a priority area for adaptation actions (Frizen, 2016). Some examples of quantitative targets and goals included in the adaptation component of the NDCs included: Increase forest cover to 20 percent by 2025; maintain 27 percent of forest cover; achieve zero deforestation rate by 2030; regenerate 40 percent of degraded forests, among others.

As an example, Table 1 shows commitments and measures some countries consider in their NDCs

for the forest and land use sector. The 15 countries presented in Table 1 have been included in this Working Paper only to give an idea of the diversity of proposals and commitments related to the forest sector, based on the information contained in their NDCs. Concrete actions on forests and land-use vary from country to country. Measures range from the enforcement of policy and legal instruments to the implementation of programmes and projects with specified targets.

**Table 1.** Examples of forest-related commitments and measures included in the nationally determined contributions of 15 countries<sup>a</sup>

COUNTRY	CONCRETE ACTIONS RELATED TO FORESTS AND LAND USE
Brazil	<ul style="list-style-type: none"> <li>• Enforcement of the Forest Code</li> <li>• Zero illegal deforestation by 2030</li> <li>• Restore and reforest 12 million hectares of forests by 2030</li> <li>• Enhancing sustainable native forest management systems</li> </ul>
Cambodia	<ul style="list-style-type: none"> <li>• Increase forest cover to 60 percent of national land area by 2030 (from 57 percent)</li> <li>• Reclassification of forest areas to avoid deforestation</li> </ul>
Chile	<ul style="list-style-type: none"> <li>• Sustainable development and recovery of 100,000 hectares of forest land, mainly native as of 2030</li> <li>• Reforest 100,000 hectares, mostly with native species representing annual sequestrations of 900,000 to 1,200,000 tCO<sub>2</sub>e as of 2030</li> </ul>
Colombia	<ul style="list-style-type: none"> <li>• Policy document CONPES 3700</li> <li>• Colombian Low Carbon Development Strategy</li> <li>• REDD+ national strategy</li> </ul>
Costa Rica	<ul style="list-style-type: none"> <li>• Enhancing carbon sinks (land use, reforestation)</li> <li>• FONAFIFO's Emission Reduction Program</li> <li>• REDD+ strategy</li> </ul>
Ecuador	<ul style="list-style-type: none"> <li>• Amazonian integral forest conservation and sustainable production programme (ProAmazonia) articulated to the REDD+ action plan (2016–2025)</li> </ul>
Indonesia	<ul style="list-style-type: none"> <li>• Moratorium on the clearing of primary forests and prohibition on the conversion of its remaining forests by reducing deforestation and forest degradation, restoring ecosystem functions, as well as sustainable forest management</li> </ul>
Madagascar	<ul style="list-style-type: none"> <li>• Large-scale reforestation (270,000 hectares) for sustainable timber production and indigenous species for conservation</li> <li>• Reduction of forest timber extraction, promotion of REDD+</li> <li>• Large-scale adoption of agroforestry</li> <li>• Forest and grassland forests enhanced monitoring</li> </ul>
Malaysia	<ul style="list-style-type: none"> <li>• Two initiatives: the Central Forest Spine and Heart of Borneo, to ensure sustainable forest management and use of natural resources</li> </ul>
Myanmar	<ul style="list-style-type: none"> <li>• By 2030, increase land areas included in the permanent forest estate to 40 percent of national land area (30 percent reserve forests and protected public forests, 10 percent protected areas)</li> <li>• Large-scale 10-year (2017–2026) Myanmar Reforestation and Rehabilitation Programme</li> <li>• Ancillary programmes such as the National Biodiversity Strategy and Action Plan (Aichi targets)</li> </ul>
Nicaragua	<ul style="list-style-type: none"> <li>• Promote agro-ecological production and permanent crops under agroforest systems to resist climate change impacts</li> <li>• Reduce extensive livestock practices and increase forest lands to enhance carbon sinks</li> </ul>
Papua New Guinea	<ul style="list-style-type: none"> <li>• Implement REDD+ activities as a priority</li> <li>• The main forestry effort will be coordinated through REDD+ initiatives</li> </ul>

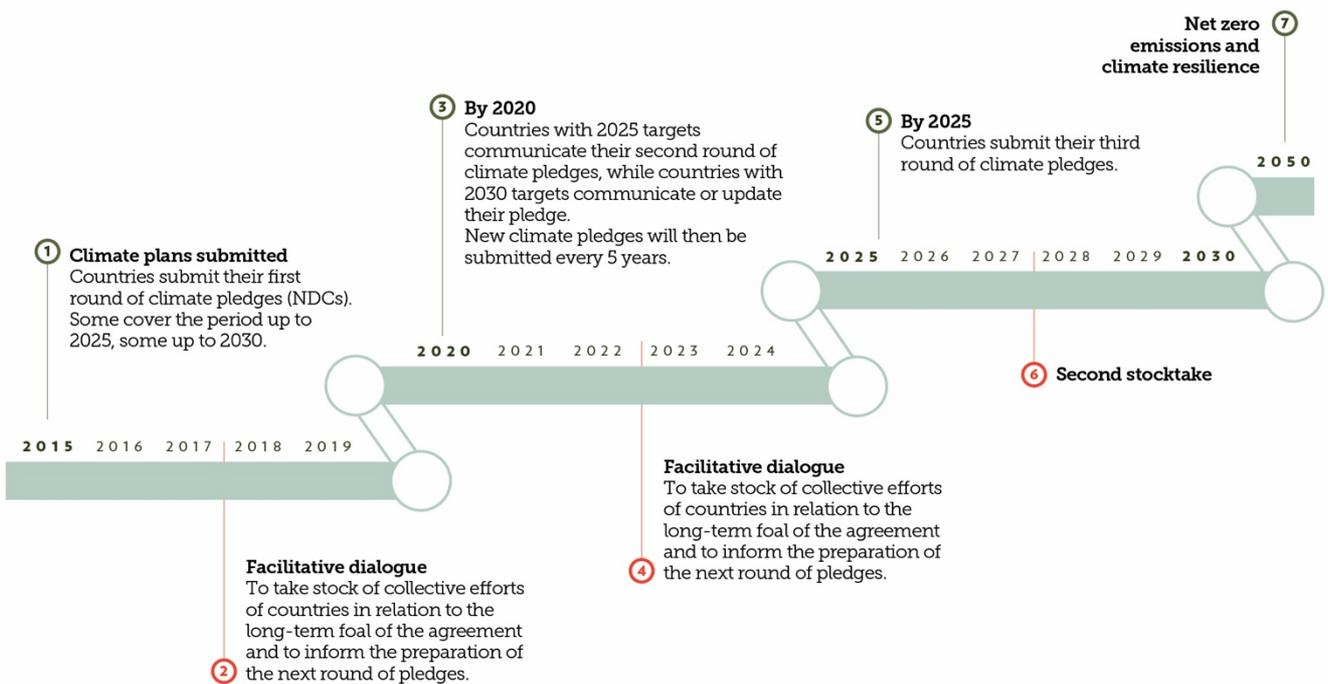
COUNTRY	CONCRETE ACTIONS RELATED TO FORESTS AND LAND USE
Paraguay	<ul style="list-style-type: none"> <li>• Increase forest cover and forest biomass</li> <li>• Promote the sustainable management of forest ecosystems and promote reforestation activities for protection and income generation and decrease the process of loss and degradation of native forests</li> </ul>
Peru	<ul style="list-style-type: none"> <li>• REDD+ is an important tool for the country to achieve its mitigation commitments</li> <li>• On adaptation, forests contribute to increase resilience under the landscape approach</li> </ul>
Viet Nam	<ul style="list-style-type: none"> <li>• Manage and develop sustainable forests, enhance carbon sequestration and environmental services</li> <li>• Conservation of biodiversity associated with livelihoods' development and income generation for communities and forest-dependent people</li> </ul>

<sup>a</sup>Extracted from countries' NDCs (<https://www4.unfccc.int/sites/ndcstaging/>)

By 2020, countries are expected to resubmit or update their 2030 targets through their NDCs and/or to begin a prompt, impactful and efficient implementation stage. Therefore, countries may

revisit their concrete actions and targets related to the forest and land use sector and consider the speed of change needed when determining their ambition levels (Figure 3).

**Figure 3.** Timeline of how countries plan to raise the ambition of their climate pledges<sup>a</sup>



<sup>a</sup>Source: adapted from Climate Brief ([www.carbonbrief.org/timeline-the-paris-agreements-ratchet-mechanism](http://www.carbonbrief.org/timeline-the-paris-agreements-ratchet-mechanism)). The Paris "Ratchet Mechanism" is designed to steadily increase ambition over time, ensuring that the world reaches net zero emissions in the second half of the century and keeps the temperature rise to well below 2 °C

### 2.3. Overview of the current funding for REDD+

This section presents a broad, non-exhaustive overview of the available REDD+ funding based on publicly available information sources. It is important to note that several other funding sources from bilateral cooperation agreements and the private sector, -that may or may not be categorized as REDD+- compose the finance panorama. These sources of funding may contribute to achieve similar goals as the ones defined in the funding sources included in this document, but their analysis goes beyond what is intended to be included in this brief overview.

Estimating REDD+ related finance is challenging from a methodological point of view due to the lack of formal criteria for what constitutes REDD+ finance (EFI, n.d.). In 2014 it was estimated that the total global financing for REDD+ reached US\$ 9.8 billion, of which 90 percent was from the public sector (Norman & Nakhooda, 2014). Two years later, in 2016 the REDDX initiative estimated that US\$ 6 billion in total REDD+ finance pledges between 2009 and 2016, spanning ten different countries throughout Latin America, Africa, and Asia Pacific (Wolosin, Breitfeller, & Schaap, 2016).

While in 2016 most REDD+ finance assessments focused on pledges, it is currently possible to have a clearer perspective of the funding allocation made by donor countries to REDD+ countries. This is partly possible due to the stocktaking reports prepared by major REDD+ initiatives and programmes after a decade of REDD+ implementation.

The UN-REDD Programme<sup>5</sup> has worked with 64 partner countries over the past decade (UN-REDD Programme, 2019), allocating USD 273.9 million to 27 countries and providing technical assistance to several others through United Nations

agencies. Six country donors (Denmark, Japan, Luxembourg, Norway, Spain and Switzerland) contributed USD 293.1 million to the UN-REDD Programme, and the EU added USD 26.46 million, reaching a total of USD 319.63 million for the 10-year period (2008-2018) (UNDP, 2019).

The Forest Carbon Partnership Facility (FCPF), a facility administered by the World Bank, is a global partnership of governments, businesses, civil society, and indigenous people's organizations focused on supporting REDD+ efforts<sup>6</sup>. A total of 47 developing countries participate in the FCPF: 18 in Africa, 18 in Latin America and 11 in the Asia-Pacific region (FCPF, n.d.). As of June 2018, the FCPF Readiness Fund had allocated USD 314 million in grants, of which USD 128 million had been disbursed. The FCPF Carbon Fund is active in 19 countries and has a total funding volume of USD 900 million. In 2019, the FCPF continues working closely with its partners to ensure that countries in the Readiness Fund finish putting in place the foundations for participating in jurisdictional landscape emission reduction programmes, and those in the Carbon Fund are moving towards signing emission reduction purchase agreements and receiving emission reduction payments (FCPF, 2018).

As of April 2019, 10 countries have received support from both of the two major global REDD+ programmes (the UN-REDD Programme and the FCPF Readiness Fund): Argentina, Chile, Colombia, Congo, Côte d'Ivoire, the Democratic Republic of the Congo, Indonesia, Nigeria, Uganda and Viet Nam.

The Forest Investment Program (FIP), established in 2008 with USD 749.9 million as part of the Climate Investment Funds, has built a portfolio of 34 projects, 21 of which projects are under implementation in eight countries (Brazil, Burkina Faso, the Democratic Republic of the Congo, Ghana, Indonesia, the Lao People's Democratic

<sup>5</sup> See [www.un-redd.org/](http://www.un-redd.org/).

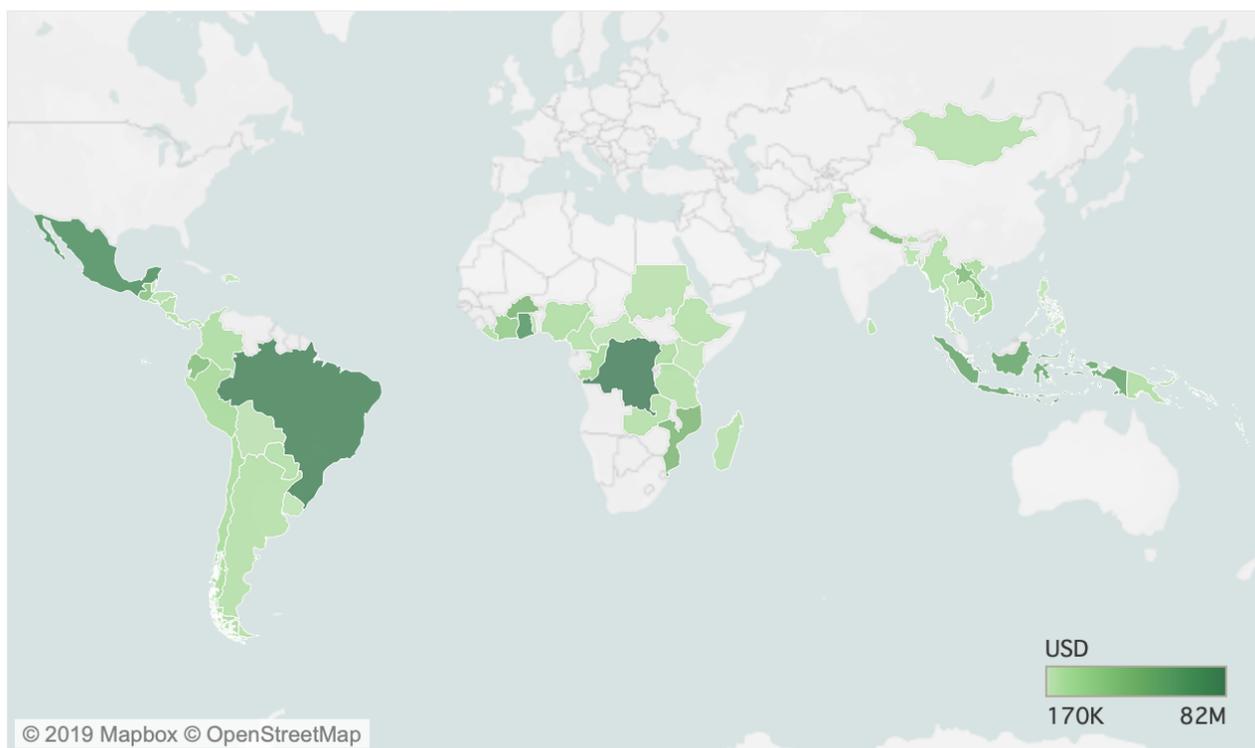
<sup>6</sup> See [www.forestcarbonpartnership.org/](http://www.forestcarbonpartnership.org/).

Republic, Mozambique and Mexico), accounting for a total of USD 340.6 million of active investments (Climate Investment Funds, 2019). In addition, under the FIP, nine Dedicated Grant Mechanism projects in eight countries account for USD 49.83 million.

Throughout the past 11 years, these programmes have supported countries in making progress with their national REDD+ strategies or action plans, building their national forest monitoring systems and establishing their emissions baselines, as well as in designing their environmental and social safeguards systems and helping them to meet international requirements.

The REDD+ funding volume at a country level made by the FCPF,<sup>7</sup> UN-REDD Programme<sup>8</sup> and FIP<sup>9</sup> is shown in Figure 4. The top 10 countries having received REDD+ funding from these sources are (by amount): the Democratic Republic of the Congo, Brazil, Mexico, Ghana, Indonesia, Burkina Faso, Mozambique, the Lao People's Democratic Republic, Ecuador and Nepal, accounting for an estimated funding volume of USD 523 million from 2008 and 2019 (see Table 2 below). The total estimated volume allocated to 53 countries from these funding sources was USD 742 million during the same time period.<sup>10</sup>

**Figure 4.** Funding volume for REDD+ interventions from three global REDD+ initiatives, by country (in USD)



<sup>7</sup> Total disbursed only by World Bank.

<sup>8</sup> As of April 2019.

<sup>9</sup> Approved as of October 2018.

<sup>10</sup> FIP funding allocation for the Democratic Republic of the Congo, Ecuador and Nepal is subject to Steering Committee approval, as of FIP latest report.

**Table 2.** Top 10 recipient countries of funding, by volume, from three REDD+ funding sources <sup>a</sup>

COUNTRY	TOTAL (in millions of USD)
Democratic Republic of the Congo	82,173,200
Brazil	79,500,000
Mexico	70,800,000
Ghana	64,486,000
Indonesia	52,186,250
Burkina Faso	40,092,000
Mozambique	37,199,000
Lao People's Democratic Republic	33,515,000
Ecuador	32,100,000
Nepal	31,713,000

<sup>a</sup>UN-REDD, FCPF, FIP

While some countries have received larger volumes of funding compared to others, it is important to consider that the funding needs vary according to the extension, forest cover and geography of the recipient countries.

In addition to the three programmes mentioned above, a new feature in the GEF architecture, launched for GEF-7 (2018-2022), comprises of "Impact Programmes" (e.g. the Sustainable Forest Management Impact Programme<sup>11</sup>), which, among other features, focuses on REDD+ implementation and support.

GEF-7 has a total replenishment level of USD 4,068 million for programming, of which USD 511 million is dedicated to the climate change focal area (GEF, 2018a). This coincides with a key phase in the implementation of the Paris Agreement, when GEF-7 is expected to support actions and activities to sustainably develop and enhance the capacities of countries to prepare their NDCs and BURs through a global support programme that provides logistical and technical support, capacity-building and knowledge management activities. Countries will have access to set-aside resources for these activities

(GEF, 2017). As of September 2018, 96 countries had received a total funding of USD 25 million for the preparation of their BURs (USD 400,000 on average per country) (GEF, 2018b).

As well as these initiatives, through which developed countries and other organizations channel finance for REDD+, there are initiatives that support REDD+ action, such as the EU Programme on Global Public Goods and Challenges 2020 (EU, 2018). Under this programme, the EU states its interest to continue supporting REDD+ and the implementation of the forest and land dimension of NDCs (e.g. through its REDD facility the EU supported several countries in Africa and Asia and is currently scaling up in Latin America<sup>12</sup>). The programme also acknowledges the role of forests in adapting to climate change. The programme's indicators of progress include: REDD+ strategies implemented; the rate of gross tropical deforestation; and the number of hectares to increase connectivity through enhanced conservation.

In addition to characterizing recipient countries for REDD+ funding, the volume mobilized by

<sup>11</sup>See [www.thegef.org/sites/default/files/council-meeting-documents/GEF-7%20Programming%20Directions%20-%20GEF\\_R.7\\_19.pdf](http://www.thegef.org/sites/default/files/council-meeting-documents/GEF-7%20Programming%20Directions%20-%20GEF_R.7_19.pdf)

<sup>12</sup> See [www.euredd.efi.int/home](http://www.euredd.efi.int/home).

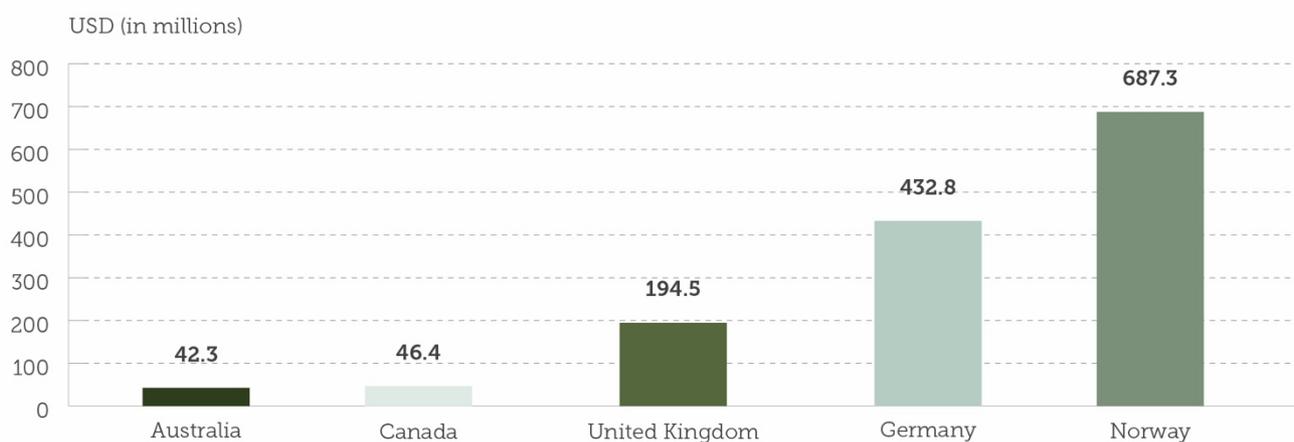
main country donors for the three REDD+ initiatives (FCPF, FIP, UN-REDD Programme) was also analyzed. Fifteen countries spent a total of USD 1.6 billion in REDD+ funding between 2008 and 2019, Norway accounted for 42 percent, Germany accounted for 27 percent and the United Kingdom for 12 percent of the total volume mobilized globally to the three above-mentioned initiatives<sup>33</sup>. The top five country donors to these programmes are depicted in Figure 5.

GCF is constantly analyzing the climate finance panorama in all its funding proposals to ensure coordination and increase the ambition to reach global goals. While traditional development and economic cooperation funding for the forest and land use sector is declining, and donor governments are turning more to multilateral types of funding (Blaser, 2019), results-based and market driven finance are receiving increased attention. The latest attempts to analyse and

communicate about the global finance panorama for the forest and land use sector (e.g. the Land Use Finance Tool, UNFF Global Forest Financing Facilitation Network) are of relevance for understanding the complex setting in which GCF support is most efficient and effective.

Under the intricate finance panorama related to REDD+, corporate and commodity supply chain initiatives, zero deforestation pledges and large-scale restoration efforts are showing their potential to catalyse a paradigm shift beyond the 'traditional' funding sources for REDD+. To scale up these efforts, it is necessary to identify triggers and barriers to transformational change across complex landscapes, to support countries' efforts to develop their climate strategies and implement their NDCs to achieve the 2, or 1.5 °C goal of the Paris Agreement taking into account REDD+ interventions and diverse public and private funding possibilities.

**Figure 5.** Top five REDD+ country donors to the FCPF, UN-REDD and FIP programmes (2008-2019)



<sup>33</sup> These estimates do not include bilateral agreements, or any other funding provided to any other facility. They neither include direct funding allocated by donor countries to entities, organizations and United Nations agencies.

#### 2.4. GCF's support for REDD+

GCF was specifically called upon to support REDD+ by UNFCCC decision 9/CP.19, which states that the Conference of the Parties, "encourages financing entities, including the Green Climate Fund in a key role, to channel adequate and predictable results-based finance in a fair and balanced manner, and to work with a view to increasing the number of countries that are in a position to obtain and receive payments for results-based actions." Since its establishment, GCF has taken several actions to answer that call.

As mentioned earlier, GCF support for forests is sought as part of a wider scope beyond its climate change mitigation role. This encompasses increasing resilience and enhancing livelihoods of the most vulnerable people, communities and regions; increasing people's health and well-being; enhancing food and water security; and improving the resilience of ecosystems and ecosystem services. It is understood that forests provide benefits beyond carbon, and indeed REDD+ investments from GCF have shown to provide both mitigation and adaptation benefits.

It is important to note that REDD+ phases are not necessarily sequential; thus, countries may be eligible for multiple modalities of funding concurrently. This chapter will provide an overview of the funding windows that are currently available to countries for the full implementation of REDD+ following the current GCF funding modalities.<sup>14</sup>

##### a) Readiness and Preparatory Support Programme

The Readiness Programme is a funding programme designed to enhance country ownership of projects and the ability for countries to access the Fund's financing.

The GCF Readiness Programme provides resources for strengthening the institutional capacities of NDAs and/or Focal Points and direct access entities to efficiently engage with the Fund.<sup>15</sup> All developing countries can access this funding, and the GCF aims to ensure that 50 percent of the readiness funding be awarded to least developed countries, small island developing States and African States.

A country may request readiness funding from the GCF to address legislative framework barriers or deficiencies that may otherwise prevent successful REDD+ implementation. Readiness funding can also be used to establish the Warsaw Framework elements: a safeguards information system, a national forest monitoring system, a REDD+ strategy or action plan, and a FREL/FRL.

This readiness funding is in the form of grants of up to USD 1 million per year per country. Technical assistance is also available. An additional USD 3 million per country may be accessed for creating national adaptation plans or other qualifying adaptation planning.

GCF readiness funding for REDD+ and forest-related activities has been approved for Bhutan, Burkina Faso, the Congo, Equatorial Guinea, Honduras, Jamaica, the Lao People's Democratic Republic and Malaysia. Currently USD 4.5 million in readiness for countries related to REDD+ (but not only). Figure 6 shows the approved GCF forest and land use sector readiness grants and projects.

<sup>14</sup> See: [www.greenclimate.fund/how-we-work/redd/support](http://www.greenclimate.fund/how-we-work/redd/support)

<sup>15</sup> The readiness activity areas are outlined in decision B.13/32.

**Figure 6.** Approved GCF forest and land use sector projects and readiness grants<sup>16</sup>

### b) Project Preparation Facility

In recognition that in some cases, funding is required to prepare a funding proposal, GCF provides up to USD 1.5 million per proposal through its PPF. This funding is specially targeted to direct access entities and micro to small size category projects; however, all AEs (direct access and international) are eligible to apply. Support is in the form of grants or repayable grants (and equity in exceptional private sector cases) and funding proposals developed with PPF support should be submitted to the Board within two years of approval of the PPF request.

PPF funding may be used for the following activities: pre-feasibility and feasibility studies; project design; environmental, social and gender studies; risk assessments; identification of programme/project-level indicators; pre-contract services, including the revision of tender

documents; advisory services and/or other services to financially structure a proposed activity; and other project preparation activities, where necessary, provided that sufficient justification is available.

All applications for PPF funding must make a case that the underlying project fits into the country's national priorities, so AEs are encouraged to consult with their NDA/focal point. For REDD+, NDAs (or focal points) may work with AEs to consider how their national REDD+ strategy/action plans and investment plans can be converted into concrete funding proposals.

To date, 6 PPF have been approved for project proposals related to the ecosystems and ecosystems services and the agriculture and food security results areas, accounting for USD 2.7 million in the following countries: Botswana, Colombia, Ecuador, Jordan, Morocco and Niger.

<sup>16</sup> Source: [www.greenclimate.fund/how-we-work/redd](http://www.greenclimate.fund/how-we-work/redd).

**c) Funding Proposal Approval process**

REDD+ is among the priority eight areas of focus of the GCF (four for mitigation and four for adaptation) identified to enable transformational change. In some cases, REDD+ proposals may include one or more areas of focus, including for adaptation, such as increased resilience and enhanced livelihoods of the most vulnerable people, communities, and regions; increased resilience of health and well-being, and food and water security and improved resilience of ecosystems and ecosystem services.

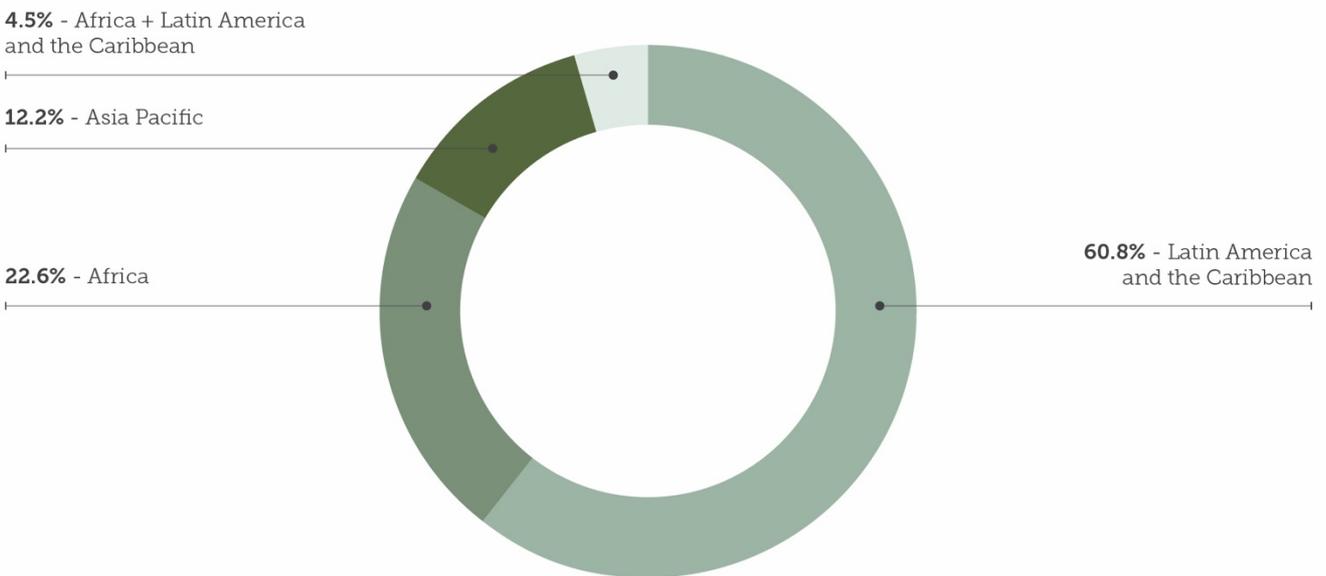
Each proposal is submitted by an AEs and assessed by the GCF according to six investment criteria: impact potential, paradigm shift potential, sustainable development potential, needs of the recipient, country ownership, and efficiency and effectiveness.

These proposals are processed on a rolling basis and can be submitted at any time. An AE and NDA can submit voluntarily a concept note for early feedback and recommendations from the Fund. This is not a requirement but is encouraged.

GCF requires letters of non-objection to be signed by NDAs for all funding proposals submitted by AEs. This is to ensure that the proposed GCF investment indeed supports the countries toward their national climate change and development goals.

In order to catalyse private investment in addressing climate change, GCF established a Private Sector Facility,<sup>17</sup> which aims to assist countries to access capital markets. Funding proposals to the Private Sector Facility are generally required to demonstrate higher co-financing ratios and warrant lower levels of concessionality from GCF.

**Figure 7.** Regional distribution of GCF funding approved (percent) in the forest and land use sector (as of February 2019)<sup>18 19</sup>



<sup>17</sup> See [www.greenclimate.fund/what-we-do/private-sector-facility](http://www.greenclimate.fund/what-we-do/private-sector-facility).

<sup>18</sup> Includes projects approved through regular project cycle and the Brazil REDD+ RBP.

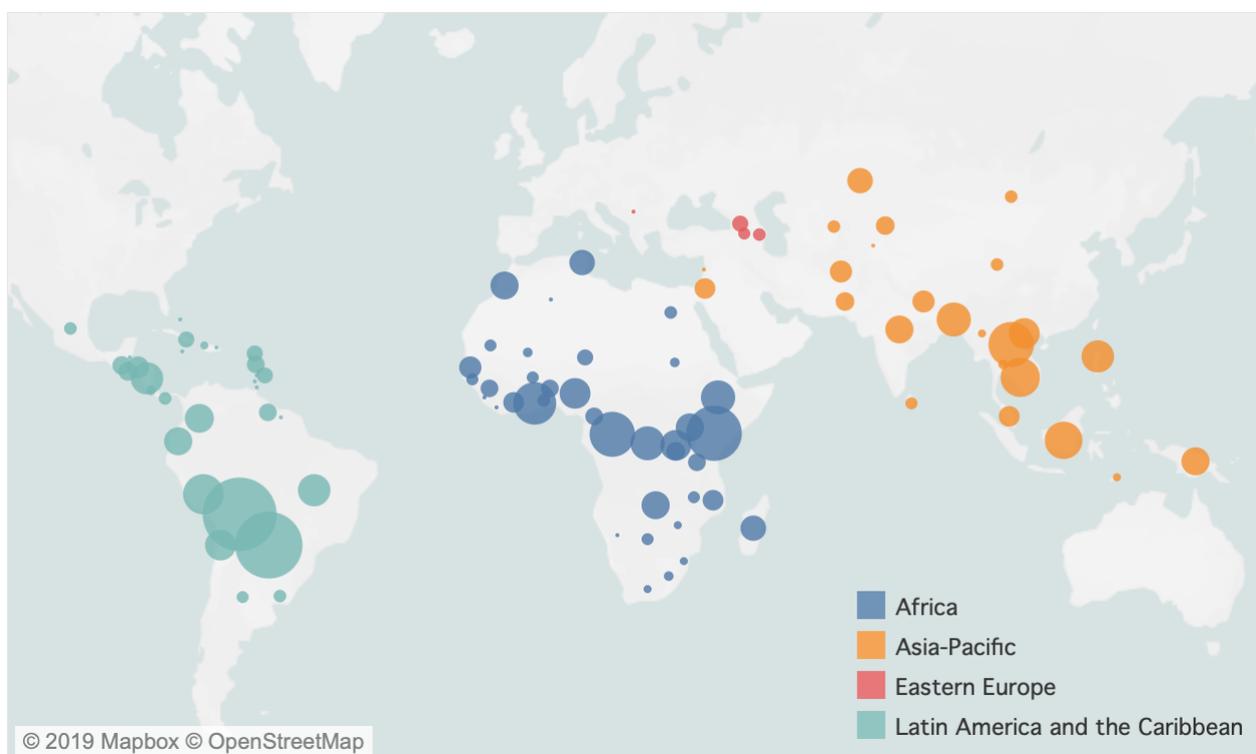
<sup>19</sup> Between 2015 and April 2019 GCF’s portfolio in the forest and land use sector implied approval of US\$ 300 million in GCF resources.

As at April 2019, the GCF portfolio in the forest and land use sector included 15 projects (2 mitigation and 13 cross-cutting) presented and executed by 12 AEs, and taking place in 32 countries. These projects are expected to deliver a mitigation impact of 70 MtCO<sub>2</sub> reduced over 10 years of implementation. These implied approving USD 300 million in GCF resources and mobilizing additional USD 330 million. In addition, GCF readiness support<sup>20</sup> to enable fostering forest-related investments is being

implemented in eight countries,<sup>21</sup> accounting for USD 4.5 million.

Current GCF pipeline (as of May 2019) on the forest and land use results area includes 77 projects totalling USD 980 million (Figure 8) showing a well-balanced geographical distribution. While not all these proposals may necessarily be approved, and not all are REDD+, the pipeline provides a strong signal of demand for GCF support for the forest and land use sector.

**Figure 8.** GCF pipeline in the forest and land use sector (as of May 2019)



<sup>20</sup> GCF Readiness and Preparatory Support Programme.

<sup>21</sup> Bhutan, Burkina Faso, the Congo, Equatorial Guinea, Honduras, Jamaica, the Lao People's Democratic Republic and Malaysia.

**Box 1. Examples of approved GCF projects in the forest and land use sector**

**Bhutan** protects up to 51 percent of the country’s land and aims to become carbon neutral

Bhutan for Life is a public and private sink fund supported by GCF for improving management of protected areas covering more than 51 percent of the country. These forests store and sequester significant volume of carbon in their forests – a transformational approach that also increases the resilience capacity of its population and ecosystems.



*A tributary of the Thimpu river, Bhutan- © Simon Rawles / WWF-UK*

In the desert of **Morocco**, the market for argan oil serves as a lever for forest restoration

The market boom for argan oil in the cosmetics and food industries, coupled with climate change impacts, impose pressures for restoration of argan tree orchards. The GCF-funded intervention links local producers of argan – especially women – to the argan oil value chain, and innovative orchards are being established to restore degraded forests in desert areas.



*Moroccan women processing argan seeds in a female cooperative - © Juan Chang / GCF*

In eastern **Madagascar**, climate-smart investments in agriculture are leveraged through green bonds

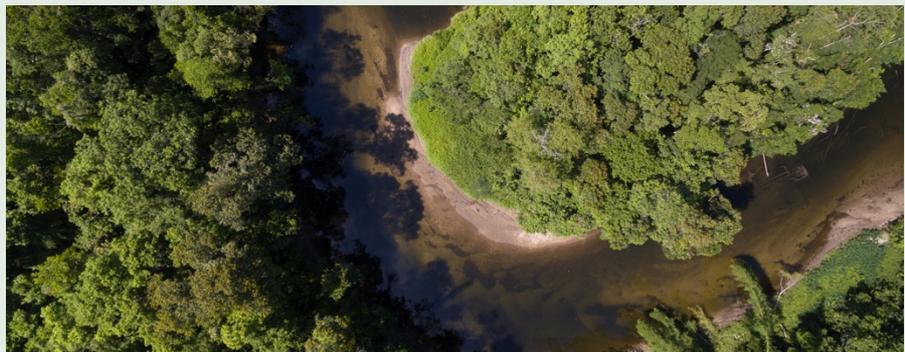
To enable continued investment in landscape-level adaptation and mitigation activities in the agriculture sector while increasing resilience of smallholder farmers, GCF is supporting the establishment of a climate change trust fund to enable reinvestment and capitalization of the profits and returns generated through the issuance of green bonds.



*Dancing lemur, Ankeniheny-Zahamena Corridor (CAZ) national park - © Conservation International*

**Brazil** received its first REDD+ result-based payment for reducing emissions in the Amazon biome

After receiving payments from GCF for the REDD+ results achieved by reducing deforestation in the Amazon biome in 2014 and 2015, Brazil is the first country in the world to receive REDD+ results-based payments from the GCF. Brazil will use this money to support an environmental services incentives programme for conservation and recovery of native vegetation and will continue to strengthen the implementation of its REDD+ strategy.



*Aerial view of rainforest in Brazil*

A large-scale ecosystem-based adaptation project fosters a nature-based economy in **Gambia**

This project seeks to restoring degraded forests and agricultural landscapes in Gambia with climate-resilient plants, establishing natural resource-based businesses, and strengthening capacity and policies to implement ecosystem-based adaptation systems.



*Enrichment planting in community forests with climate-resilient plant species, Gambia - © UN Environment*

#### **d) Simplified Approval Process**

The SAP is a pilot scheme designed to give smaller-scale and lower-risk activities easier access to funding. Essentially, the process differs from the regular proposal approval process insofar as it is simpler, shorter and faster. There are dedicated templates for concept notes and funding proposals, and these are processed through a streamlined online submission system.<sup>22</sup>

Eligibility criteria are, essentially: size (total project budget), which must be USD 10 million or less funding requested from GCF; and minimal to none risk (environmental and social risks). Proposals can be submitted by all AEs, but direct access entities are highly encouraged to apply, and concept notes may also be submitted directly by NDAs or focal points.

SAP can be an instrumental tool and enabler to advance countries' national processes towards fulfillment of REDD+ implementation and accessing REDD+ results-based payments<sup>23</sup>. This means supporting countries to reach compliance with the UNFCCC requirements<sup>24</sup>, including the Warsaw Framework<sup>25</sup> for REDD+ and implement demonstration activities that could be replicated or scaled up to achieve REDD+ results at subnational or national scales. This may also allow countries to access REDD+ results-based payments once all requirements are fulfilled.

#### **e) Request for proposals**

In October 2017 the GCF Board approved a request for proposals under a pilot programme for REDD+ RBPs with an envelope of USD 500 million. Countries interested in receiving RBPs under the pilot programme must submit concept notes first. These are used to assess whether the country has complied with all applicable UNFCCC decisions covering phases 1 and 2 of REDD+.

If the assessment of the concept note is satisfactory, the AE is invited to submit a full funding proposal.

In February 2019, GCF approved its first payments for REDD+ results to Brazil through the pilot programme for emissions reduced in 2014 and 2015 from deforestation. Since the RBP made to Brazil, other countries have demonstrated strong capabilities to follow suit. Many are currently finalizing the UNFCCC requirements, which will qualify them to participate in the GCF REDD+ RBP pilot programme which runs until the last meeting of the Board in 2022. The Board will discuss the lessons learned of the pilot programme at its last meeting in 2019.

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<sup>22</sup> See [www.greenclimate.fund/how-we-work/sap](http://www.greenclimate.fund/how-we-work/sap).

<sup>23</sup> [www.greenclimate.fund/how-we-work/redd](http://www.greenclimate.fund/how-we-work/redd)

<sup>24</sup> <https://redd.unfccc.int/fact-sheets/redd-mrv-and-results-based-payments.html>

<sup>25</sup> <https://redd.unfccc.int/fact-sheets/warsaw-framework-for-redd.html>

### 3. Countries' progress towards achieving REDD+ results

This chapter, on countries' progress on REDD+, is based on the responses provided by 55 countries to a survey conducted by the GCF Secretariat between January and April 2019 (Table 3).

#### 3.1. Major needs identified by countries for implementing REDD+

GCF acknowledges that each country's needs and circumstances vary greatly and, as such, the areas of need shown below correspond to the diverse responses from countries' representatives, reflecting the importance to tailor the support for fully implementing REDD+ at the country level. GCF is committed to working with each country to meet its needs and to contributing to filling the funding gap so that REDD+ can deliver as

expected for climate change mitigation and adaptation.

Based on countries' responses to the survey, it is possible to identify different needs for technical and financial support in several areas of capacity-building and transfer to enable countries to continue making progress on REDD+.

##### 3.1.1 Most frequent areas of support identified by countries

While funding for the early phases of REDD+ has been provided to countries from diverse sources of international cooperation as well as from domestic budget, some countries may still require additional support for the full implementation of REDD+ and to achieve results. These areas of support and need indicated in the survey responses are summarized in Table 4.

**Table 3.** Countries participating in the GCF survey on REDD+ progress

REGION	NO. COUNTRIES	COUNTRIES
LAC	17	Argentina, Belize, Brazil, Chile, Colombia, Costa Rica, Ecuador, Grenada, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru, Uruguay
Asia-Pacific	14	Bangladesh, Bhutan, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Mongolia, Myanmar, Nepal, Oman, Pakistan, Samoa, Thailand, Viet Nam
Africa	22	Benin, Burkina Faso, Central African Republic, Chad, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Equatorial Guinea, Ethiopia, Gabon, Kenya, Liberia, Madagascar, Malawi, Namibia, Nigeria, Rwanda, South Sudan, Sudan, Togo, Uganda, Zimbabwe
Eastern Europe	2	Montenegro, Serbia
TOTAL	55	

**Table 4.** Most frequent technical and financial areas of need and support identified by countries for REDD+

AREAS OF SUPPORT AND NEED	+ / ++ / +++
Improvement of the national forest monitoring system and systematically reviewing and updating the system	+++
Updating the FREL/FRL	+++
Establishment and enhancement/updating of the Safeguards Information System (SIS)	+++
Preparation of the technical annex of the BUR (i.e. biennial update report with submission of REDD+ results)	+++
Implementation of the REDD+ national strategy or action plan	++
Estimate uncertainty related to the emissions under the FREL/FRL considering the accuracy of the activity data	++
Enhance the REDD+ strategy with respect to private sector engagement	++
Enhance the interface platform of the SIS (functionality and user-friendly)	++
Preparation of the documentation for the Cancun REDD+ safeguards	++
Complete the REDD+ readiness phase, including the definition of high-priority interventions	++
Enhance coherence and interactions between the National Forest Monitoring System (NFMS) and the SIS	+
Upgrade the current measurement, reporting and verification system (MRV) for REDD+ to support NDCs (beyond the forest sector, and including deforestation drivers as well)	+
Run a jurisdictional programme of emission reductions, and elaborate a portfolio of activities considering the capitalization of past experiences	+
Build a REDD+ national registry system	+
Operationalization of the NFMS, including local data collection techniques	+
Increase institutional capacities for monitoring forest degradation and its related emissions	+
Enhance linkages with other international entities for REDD+ RBPs to ensure coherence	+
Implement and update the national forest inventory	+
Update the REDD+ stakeholder engagement strategy and stakeholders map	+
Identify the REDD+ implementing agencies and related stakeholders	+
Quantify emissions and removals associated with each identified driver of deforestation and degradation	+
Map each of the spatial-related drivers of deforestation and degradation as part of the national forest monitoring system	+
Include forest fires and related emissions as part of the NFMS	+
Bridge any gaps related to transiting from REDD+ phase 1 and 2 to RBPs	+

As noted above in Table 4, most countries emphasize the need for support on activities related to their national forest monitoring systems as well as for the establishment or enhancement of the safeguards information system. It can also be noted that some countries aim to improve the quality of the data used for generating the FREL/FRL and the reporting systems. It was also noted that some responses emphasize engaging with the private sector when preparing and implementing their REDD+ strategies. However, despite country's support provided from different sources of funding over a decade for most of the needs identified in Table 4, several elements have not yet been achieved. Several restrictive reasons could include the time required to conceive REDD+ within the public policies in governments, changes in the design of the systems, time to enhance capacities, stakeholder consultation process, intermittent availability or insufficiency of funds, etc.

When seeking additional funding (e.g. from the GCF), countries and AEs will need to conduct a more detailed analysis on the funding gaps and barriers of other public and private sources to fulfill these needs. This analysis should also include assessing the challenges faced by countries in fulfilling these needs with previous sources of funding.

### 3.1.2 Compliance with UNFCCC requirements for REDD+

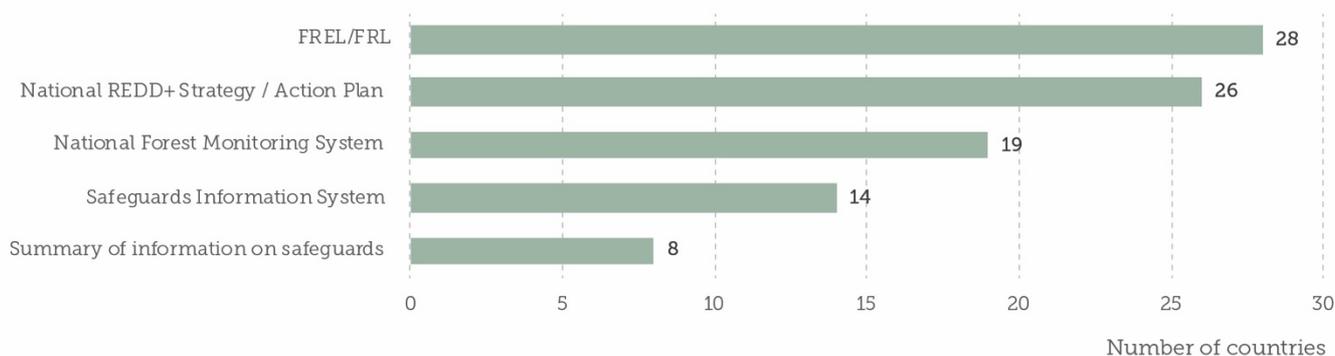
In order to obtain and receive results-based finance for results from the implementation of REDD+ activities, developing country Parties should have the following elements in place:

- A national strategy or action plan
- An assessed forest reference emission level and/or forest reference level
- A national forest monitoring system
- A system for providing information on how the safeguards are being addressed and respected
- And the results-based actions should also be fully measured, reported and verified (MRV).

The analysis of the progress for REDD+ full implementation presented in this document considers the above-mentioned requirements.

Based on the responses provided, Figure 9 (below) shows the number of countries having achieved each of the five REDD+ elements assessed. It shows that only 8 countries (15 percent of respondent countries) have their summary of information on safeguards in place, while 14 countries (25 percent of respondent countries) have completed their SIS. Most progress is observed in countries completing their FREL/FRL (51 percent of respondent countries) and National REDD+ Strategies/Action Plans (35 percent of respondent countries).

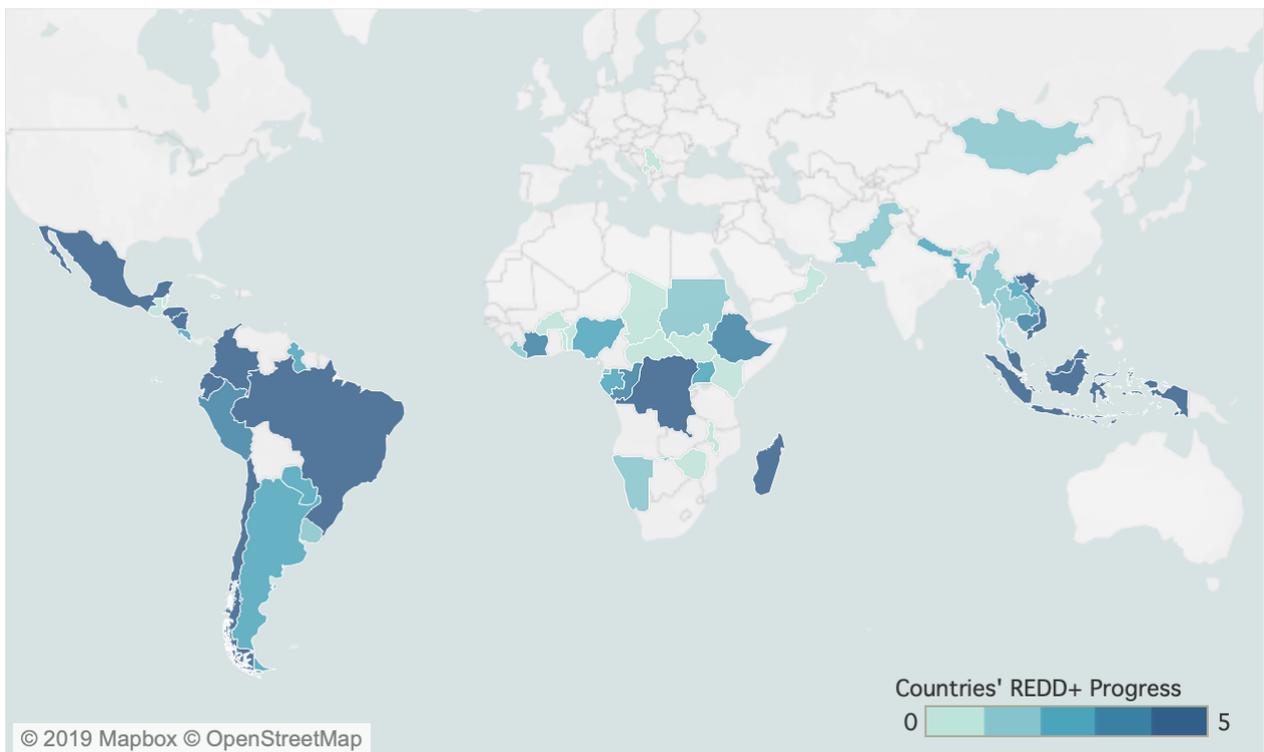
**Figure 9.** Number of countries achieving each of the REDD+ Warsaw Framework elements, according to responses to the GCF survey



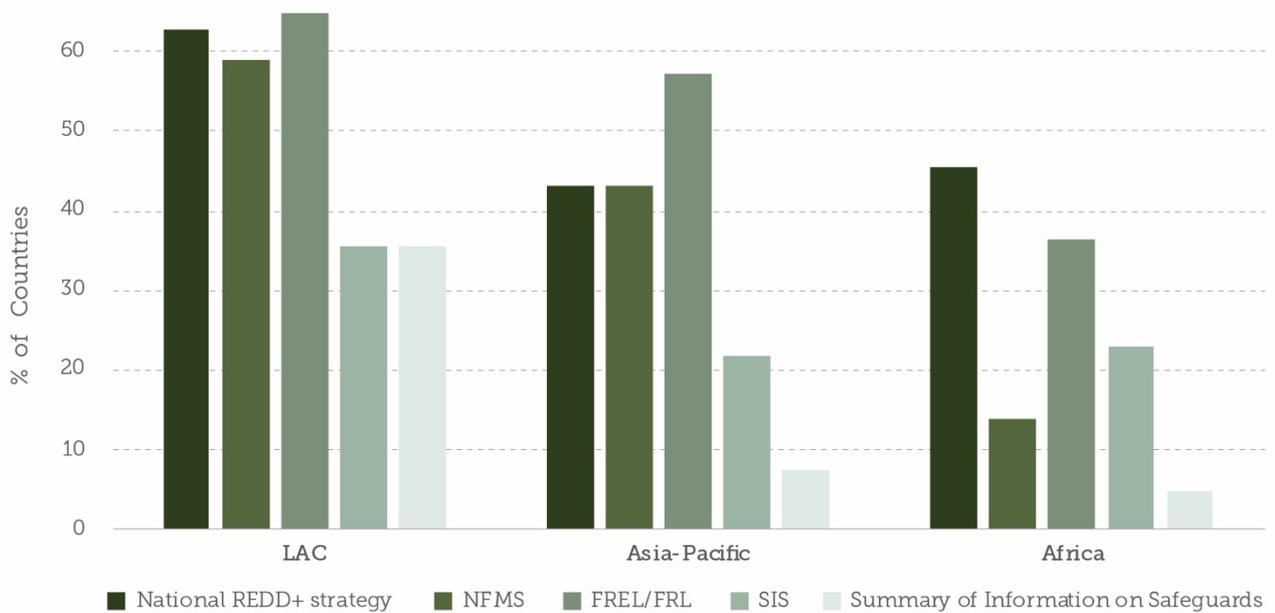
When analyzing each country, the responses show that five countries stated that they have completed the five elements above-mentioned: Brazil, Chile, Ecuador, Mexico and Viet Nam. Moreover, six countries indicated they were well advanced in reaching four of the five elements: Colombia, the Democratic Republic of the Congo, Honduras, Indonesia, Malaysia and Nicaragua. These responses provide indication of the potential countries that could be eligible to request REDD+ result-based payments from the GCF in the near future. Figure 10 maps the REDD+ progress achieved by all countries who responded the survey.

Geographically, there are different levels of progress among regions. Figure 11 shows the overall REDD+ progress by regions. On the basis of responses to the GCF survey, the LAC region shows more progress on REDD+ than Asia-Pacific and Africa. The least progress across the three regions is observed on safeguards when compared with the progress made on the other Warsaw Framework elements assessed. While many countries in the LAC region are close or ready for accessing REDD+ RBPs, support for African countries on complying with the REDD+ Warsaw Framework elements (REDD+ readiness) is most needed.

**Figure 10.** Progress made by countries on REDD+, according to responses to the GCF survey<sup>a</sup>



<sup>a</sup>The range 0–5 indicates the number of REDD+ elements each country mentioned that it has completed, where 5 indicates that all five assessed elements are in place.

**Figure 11.** Regional REDD+ progress according to 55 responses to the GCF survey

Differences between regions relate to development context and governance structures. Although that discussion is beyond the scope of this Working Paper, it is important to note that it has been recognized, and that GCF strives to distribute its funding in a geographically balanced manner. Further, the least progress has been reached in the development of SIS for complying with the UNFCCC requirements for full REDD+ implementation. It is also relevant to highlight

opportunities for strengthening South-South cooperation given the experience gained in some countries and share lessons to countries still facing the same challenges overcome in other regions.

Figure 12 depicts the progress of each of the countries on REDD+ for each of the five elements.

**Figure 12.** Countries' progress on REDD+ based on the survey responses

	FREL/FRL	National Forest Monitoring System	National REDD+ Strategy/ Action Plan	Safeguards Information System	Summary of information on safeguards
					
					
					
Argentina					
Bangladesh					
Belize					
Benin					
Bhutan					
Brazil					
Burkina Faso					
Cambodia					
Central African Republic					
Chad					
Chile					
Colombia					
Congo					
Costa Rica					
Cote d'Ivoire					
Democratic Republic of the Congo					
Ecuador					
Equatorial Guinea					
Ethiopia					
Gabon					
Grenada					
Guatemala					
Guyana					
Honduras					
Indonesia					
Jamaica					
Kenya					
Lao PDR					
Liberia					
Madagascar					
Malawi					

Malaysia	●	●	●	◐	●
Mexico	●	●	●	●	●
Mongolia	●	◐	◐	◐	○
Montenegro	○	◐	○	○	○
Myanmar	●	◐	◐	◐	◐
Namibia	○	○	○	●	○
Nepal	●	◐	●	◐	○
Nicaragua	●	●	●	●	◐
Nigeria	●	◐	●	◐	○
Oman	○	○	○	○	○
Pakistan	◐	◐	◐	●	○
Paraguay	●	◐	●	◐	◐
Peru	●	●	●	◐	◐
Rwanda	○	○	○	○	○
Samoa	○	◐	◐	○	○
Serbia	○	◐	○	○	○
South Sudan	○	◐	◐	○	○
Sudan	◐	◐	●	○	◐
Thailand	◐	●	◐	◐	○
Togo	◐	○	◐	○	○
Uganda	●	◐	●	◐	○
Uruguay	◐	◐	◐	◐	◐
Viet Nam	●	●	●	●	●
Zimbabwe	◐	◐	○	○	○

### 3.1.2.1 National REDD+ strategy/action plan

In relation to the national REDD+ strategy/action plans, 26 countries indicated that they have completed their REDD+ strategy, while 20 countries were in the process of elaborating such documents. These findings show that most countries are either ready or in the process to have this requirement in place. Nonetheless, it is important to consider that some of these countries that have already completed their strategy or action plans may need to revise or update them as they are being implemented and as such, countries may require continuous support for this process and implementation. As

previously described, given that countries will need to update/review their NDCs and many of them already identified REDD+ within them, this could represent a strategic timing to synchronize and articulate both processes into a coherent and comprehensive climate action vision.

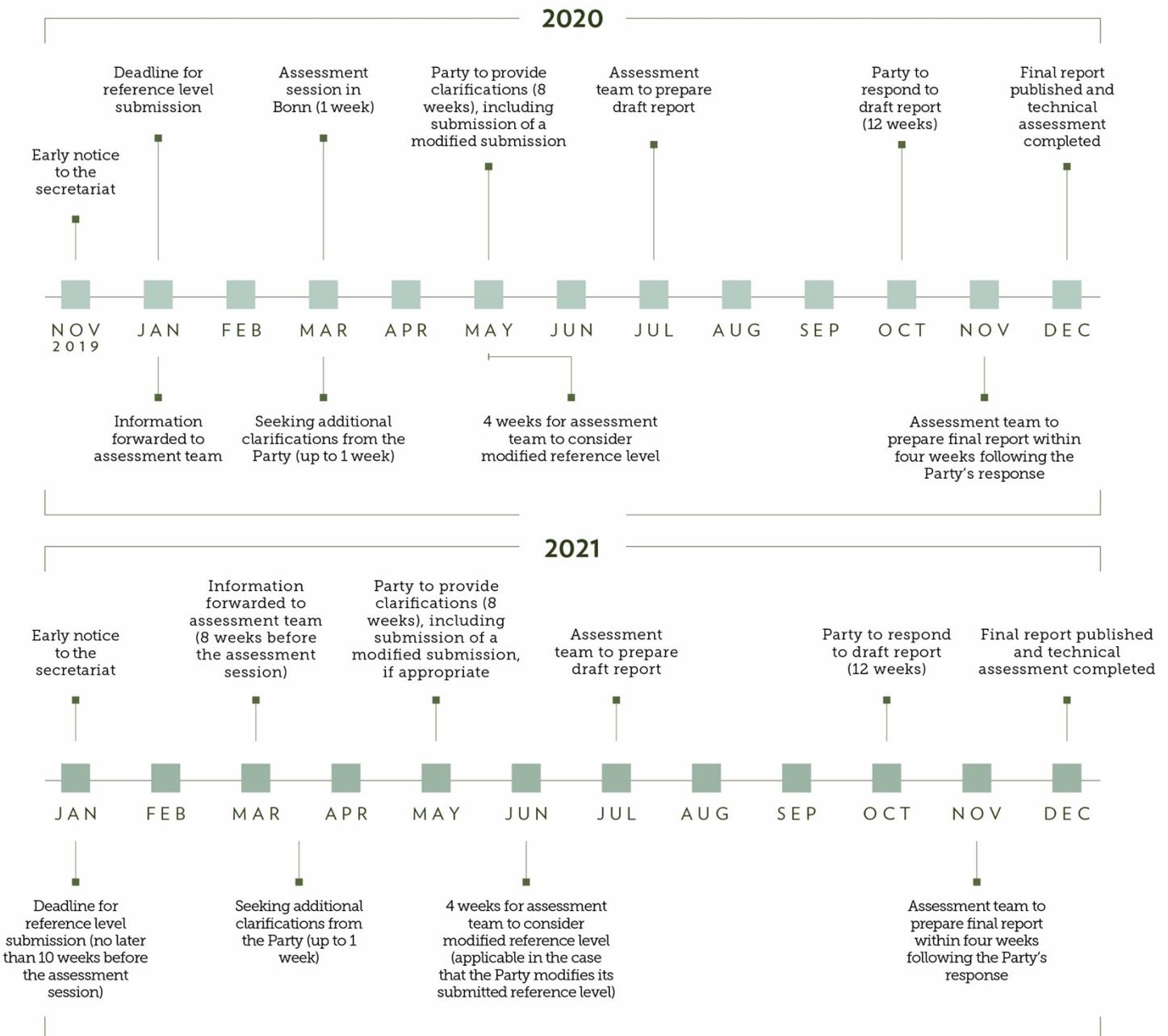
### 3.1.2.2 Forest reference emissions level/Forest reference level

Out of the 55 countries that responded the survey, 28 have indicated completion of their FREL/FRL and 18 countries indicated progress in their FRELs/FRLs. When analyzing all submissions to the UNFCCC, as of April 2019, 39 countries

have submitted FRELs/FRLs to the UNFCCC, representing a forest area of 1.5 billion hectares (UNFCCC, 2019c). Countries can submit, on a voluntary basis and when deemed appropriate, a proposed FREL/FRL to the UNFCCC when undertaking REDD+ activities. Each submission is then subject to a technical assessment. The FREL/FRL is typically submitted once a year and the technical assessment can take up to 11 months. This is an important indication of the

potential demand for future requests for REDD+ result-based payments from GCF or other sources of funding from those countries that are able to fulfill all the other Warsaw Framework requirements. When countries pursue accessing payments for their REDD+ results from the GCF, their FREL/FRL will be subject to screening following the scorecard approved by the Board included in the terms of reference for the pilot programme for REDD+ RBP.<sup>26</sup>

**Figure 13.** Timelines for submitting a forest reference emission level/forest reference level to the UNFCCC for 2019–2021



<sup>26</sup> [www.greenclimate.fund/how-we-work/redd](http://www.greenclimate.fund/how-we-work/redd)

### 3.1.2.3 National Forest Monitoring System

Regarding the national forest monitoring system, nineteen countries indicated having a NFMS in place. While significant progress has been made in developing NFMS, the responses indicate that most countries may require additional support to have a functional and fully operational NFMS. Already in 2009, the COP adopted guidance on the establishment of robust and transparent national forest monitoring systems. Depending on national circumstances, these systems may also be a result of combining subnational systems as part of national forest monitoring systems. As an interim measure, subnational monitoring and reporting can be implemented in accordance with a stepwise approach.<sup>27</sup>

It seems that, despite the guidance provided since a decade ago, countries are still facing several challenges in implementing their NFMS, which may include technical and technological needs, infrastructure, governance and finance to establish and maintain the system without dependency on external sources. While the discussion in this paper is centered on REDD+, it is important to acknowledge the capabilities of the NFMS beyond reporting emissions and should serve as a decision making and management tool to improve efficiency and effectiveness of the actions that lead to REDD+ results in wider forest landscapes. National forest monitoring systems will need to address participation, transparency, accountability and coordination to counteract the differences in the capacities, resources and powers of various stakeholders (Angelsen *et al.*, 2018).

### 3.1.2.4 Safeguards information system and summary of information

Among the elements analyzed with the survey, the least advanced one is the implementation of the safeguards information system and the preparation of the summary of information on how Cancun safeguards were addressed and respected. Twenty-six countries indicated that they are in the process of designing an SIS, but only 14 countries out of the 55 reported having an SIS in place. Finally, only eight countries indicated that they have submitted a summary of information on safeguards<sup>28</sup> while 20 countries consider it a work in progress. These findings clearly indicate the need to strengthen support to countries on the establishment of their SIS and in preparing their summary of information on safeguards. It is important to further analyse at each country level the ongoing process towards fulfilling this requirement. As countries begin to implement their SIS to achieve social and environmental goals and potentially access REDD+ results-based financing, there is an urgent need to understand how safeguard policies and practices can be streamlined, and SIS elaborated from existing national policies and monitoring systems, so that safeguards are a source of support and not a burden (Duchelle & Jagger, 2014).

### 3.1.2.5 Results-based actions

As part of the survey conducted by GCF, countries were asked to provide tentative information on the expected date of submission of the technical annex on REDD+ results to the BUR. Table 5 indicates the expected date of submission according to survey responses.

<sup>27</sup> <https://redd.unfccc.int/fact-sheets/national-forest-monitoring-system.html>

**Table 5.** Expected date of submission of TA to the BUR, according to survey responses

EXPECTED DATE OF SUBMISSION OF TECHNICAL ANNEX TO THE BUR	COUNTRIES
Mid-2019	Cambodia, Costa Rica
Late-2019	Benin, Chile, Ethiopia, Honduras, Lao PDR, Nicaragua, Peru, Uganda, Viet Nam
Early-2020	Kenya, Madagascar, Oman
2020	Guatemala, Jamaica, Sudan, Zimbabwe
Mid-2020	Belize, Burkina Faso, Malaysia
Late-2020	Chad, Mexico, Myanmar, Mongolia
Early 2021	Samoa, Uruguay
2021	Argentina, Central African Republic, Pakistan
2025	Bangladesh

Based on the above findings, it was noticed that many countries are expecting to report on their achieved results from REDD+ implementation between 2019 and 2020. This also provides an indication that, while in many countries the fulfillment of the UNFCCC requirements for REDD+ is still pending, many countries have been able to implement actions that may provide measurable results in the near future. Moreover, 15 countries estimated their expected volume of results achieved between December 2013 and December 2018 (potentially eligible for GCF REDD+ RBPs under the pilot programme) in response to the survey. These countries estimated a total emission reduction of 490 MtCO<sub>2</sub>eq, potentially calling for USD 2.45 billion.<sup>29</sup>

When analyzing global data on the progress of countries submitting their BURs to the UNFCCC webpage, as of April 2019, 46 countries have submitted their first BUR, 25 countries their second BUR and four countries their third BUR (UNFCCC, 2019a). In addition, to date only 8 countries (Brazil, Chile, Colombia, Ecuador,

Indonesia, Malaysia, Paraguay and Papua New Guinea) have submitted to the UNFCCC the technical annex with the REDD+ results including the period of eligible results to the GCF REDD+ RBP pilot programme (December 2013–December 2018).

If taking stock of REDD+ results based on the FRELs/FRLs submitted by countries to the UNFCCC, emission reductions of 8.7 billion tCO<sub>2</sub>eq were reported for the period 2006–2017. Of these, 3.16 billion tCO<sub>2</sub>eq fall in the period 2014–2018 (Sandker, 2019). Considering the fact that GCF REDD+ RBP pilot programme would be able to pay for up to 100 MtCO<sub>2</sub>eq for the period Dec 2013–Dec 2018, additional USD 7.4 billion would be required to pay for 1.48 billion tCO<sub>2</sub>eq in ERs that could potentially be reported for this period if all countries request result-based payments from their entire gross volumes.

Making progress on REDD+ implies not only 'ticking the box' for every single Warsaw Framework element being in place; it implies assessing progress based on their

<sup>29</sup> If all reported results are paid at USD 5 per tCO<sub>2</sub>eq.

implementation and on capitalizing lessons learnt and achieving results. An adaptive management approach for countries implementing their REDD+ related strategies and systems could be useful when countries are seeking to update their national strategies and to enhance their reference levels, national monitoring systems and safeguards. For instance, some countries having their national strategies approved by 2010-2015, are due in 2020. Therefore, it would be desirable to share to which extent the strategies' goals were achieved, which challenges were encountered, and how are the updated strategies linked to the NDCs and other development plans and policies.

### 3.2. Complementarity and coherence for REDD+

GCF's Governing Instrument specifies complementarity and coherence as important elements in helping to deliver the objectives of GCF<sup>30</sup>. GCF's Operational Framework on Complementarity and Coherence<sup>31</sup> reaffirms the following GCF's pillars on the topic: (i) Board-level discussions on fund-to-fund arrangements; (ii) enhanced complementarity at activity level; (iii) promotion of coherence at the national programming level; and (iv) complementarity at the level of delivery of climate finance through an established dialogue. This Operational Framework sets the basis to explore and build complementarity with other funds relevant to climate change and GCF seeks complementarity and coherence for REDD+ under the principles of

its Governing Instrument and the approaches of its Operational Framework.

Coherence and complementarity can enhance the effectiveness of the funding mobilized by and for REDD+. While complementarity and coherence are also expected at the policy and programming levels within countries (e.g. legal framework, budget planning and allocation), this section mostly refers to coherence and complementarity among funding sources for REDD+. In this sense, while donors and multilateral institutions have led the international REDD+ funding for the last 10 years (see section 2.3), high expectations for catalyzing private sector finance are increasing.

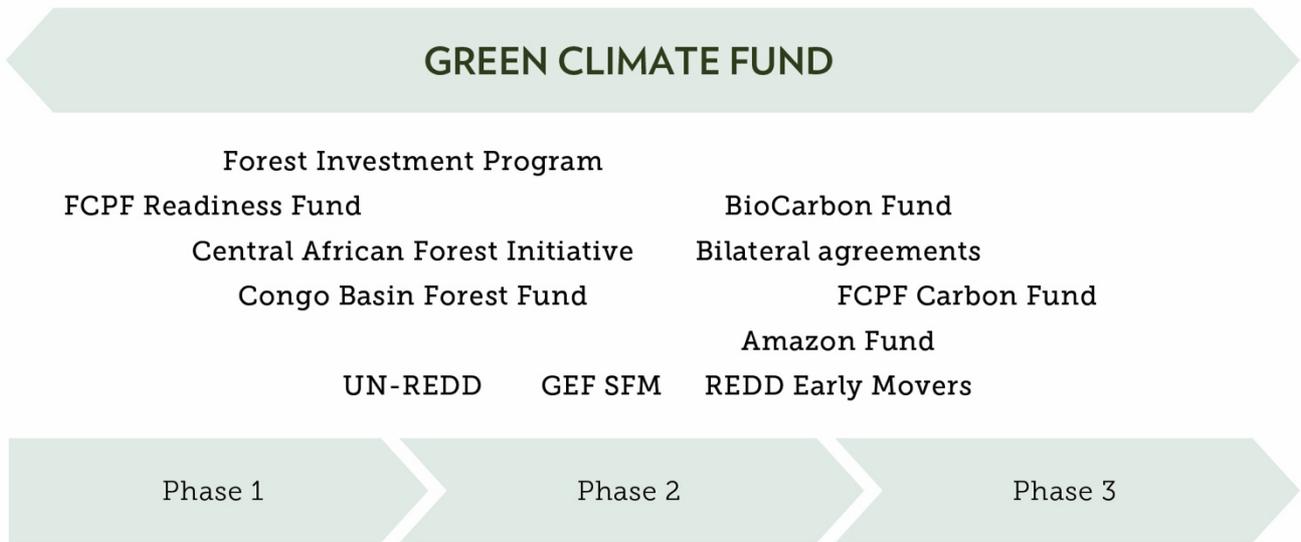
In the case of funding for REDD+, and as mentioned earlier, there are a wide range of bilateral and multilateral initiatives supporting and providing finance for REDD+. Support is also provided by multilateral development banks and philanthropic organizations without being labeled as REDD+ but pursuing the same outcomes. Similarly, several developing countries are increasingly prioritizing REDD+ within their national budgets. Moreover, the private sector is playing a more prominent role in financing REDD+ related initiatives. As noted in Figure 14 below, there are several funding sources for REDD+ across the REDD+ phases at national, regional and global scales from the international cooperation. GCF is in a unique position to provide support for all the phases of REDD+ globally, while seeking strong alignment with the other sources.

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<sup>30</sup> Decision GCF/B.13/08

<sup>31</sup> Decision GCF/B.17/08

**Figure 14.** Some of the existing initiatives providing finance across REDD+ phases



While these REDD+ initiatives have different indicators for measuring impact, there is substantial overlap in their financing areas. The major implication of distributing REDD+ funding in this way is that developing countries with limited capacities need to comply with different rules and procedures to access funds (Fishman,

2018). To minimize the burden related to complying with the different procedures of multiple REDD+ funding sources, GCF aims to ensure coherence and complementarity with other funding sources, where possible, to support countries' activities to achieve their REDD+ goals.

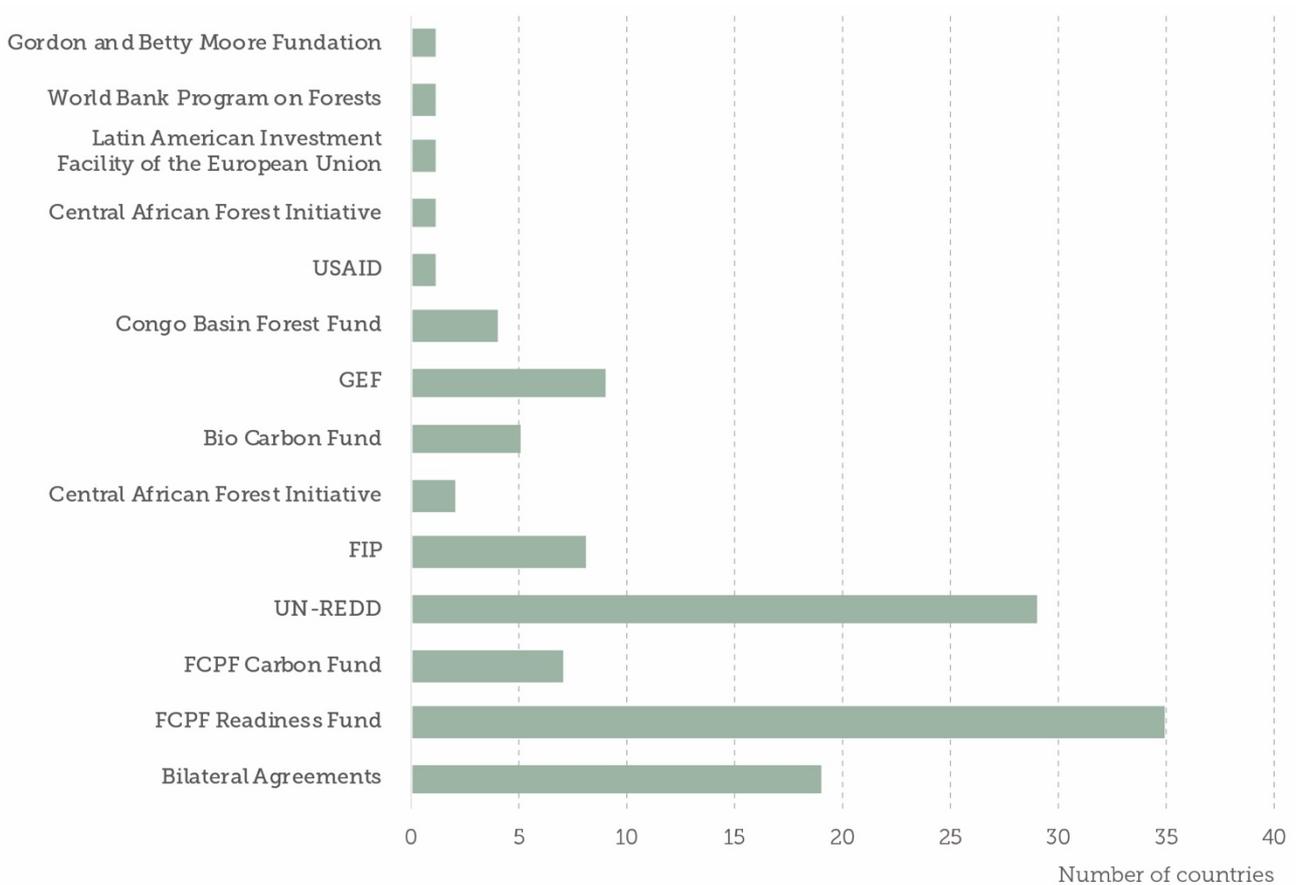
**Table 6.** Examples of REDD+ activities provided by some of the existing funding sources

<b>EXAMPLES OF INTERVENTIONS IN PHASES 1 AND 2 OF REDD+</b>	
<b>Amazon Fund</b>	<ul style="list-style-type: none"> <li>• Management of public forests and protected areas</li> <li>• Control, monitoring and environmental inspection</li> <li>• Sustainable forest management</li> <li>• Economic activities developed from the sustainable use of vegetation</li> <li>• Ecological and economic zoning, territorial planning and land regularization</li> <li>• Conservation and sustainable use of biodiversity</li> <li>• Recovery of deforested areas.</li> </ul>
<b>CAFI</b>	<ul style="list-style-type: none"> <li>• Developing and implementing National Investment Frameworks endorsed at the highest level by national institutions with cross sectoral mandates</li> <li>• Promoting inclusive participation of all stakeholders</li> <li>• Providing funding based on the achievement of policy and programmatic milestones that are spelled out in letters of intent</li> </ul>
<b>FCPF Readiness Fund &amp; UNREDD</b>	<ul style="list-style-type: none"> <li>• Readiness organization and consultations</li> <li>• Preparing the national REDD strategy</li> <li>• Developing a FREL/FRL</li> <li>• Designing a system for national forest monitoring and information on safeguards</li> <li>• Schedule and budget</li> <li>• Designing a program monitoring and evaluation framework</li> </ul>
<b>FIP</b>	<ul style="list-style-type: none"> <li>• Capacity building/institutional strengthening and governance reform</li> <li>• Forest monitoring/MRV</li> <li>• Support for landscape approaches</li> <li>• Sustainable forest management</li> </ul>
<b>ISFL</b>	<ul style="list-style-type: none"> <li>• Making improvements to their enabling environment for sustainable land use</li> <li>• Piloting of activities and key partnerships, including engagements with the private sector</li> <li>• Developing systems for monitoring, reporting, and verifying reductions in GHG emissions to prepare jurisdictions for payments</li> </ul>

As part of the survey conducted by GCF, country representatives were asked to provide information on their participation in the above-mentioned global REDD+ initiatives and any

others they can identify in their countries. Country responses referring to the most frequent source of REDD+ funding are summarized in Figure 15 below.

**Figure 15.** Most frequent sources of funding for REDD+ indicated by countries

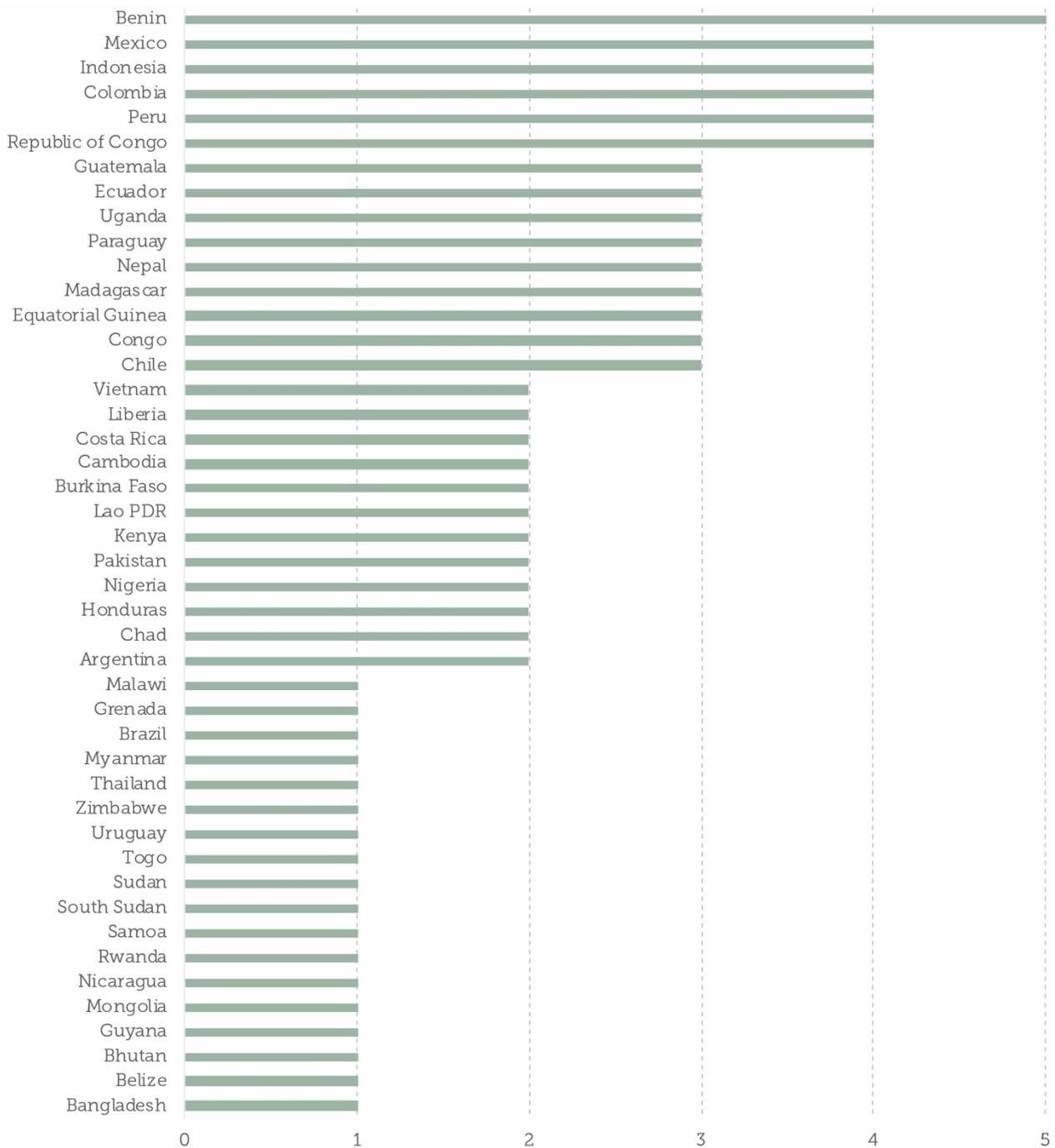


As noted in the figure above, the FCPF and the UN-REDD Programme are among the most frequent sources of funding for REDD+, given their focus particularly on REDD+ and their global coverage. Thirty-five countries out of the 55 considered for this paper mentioned receiving funding for implementing REDD+ from the FCPF, while 29 countries mentioned support from UN-REDD.

It was also notorious to find a high number of bilateral agreements as well. Similarly, the FIP and the GEF were also recognized by many countries as part of their REDD+ finance landscape.

As indicated previously, this funding is also provided by multilateral development banks and philanthropic organizations which were identified by some countries. It is worth mentioning that the survey may not have captured funding that may have already been executed by different sources of funding and the responses may only indicate current funding sources. Therefore, the information presented is meant to give a broad sense of the REDD+ finance landscape and should not be treated as an exhaustive list of REDD+ funding sources.

**Figure 16.** Number of REDD+ global programmes and other forest-related initiatives to which countries indicate participation, based on survey responses<sup>32</sup>



When disaggregating the responses provided at country level (Figure 16), it was found that the frequency of funding sources varies significantly among countries. This is by no means an indication on the volume of funding received, and

it is only intended to further stress the need to enhance collaboration and coordination among different funding sources from international cooperation pursuing the same goals at the country level. In some cases, countries indicated

<sup>32</sup> REDD+ Initiatives and Programmes include: FCPF, UN-REDD, FIP, GEF, Bio Carbon Fund, Congo Basin Forest Fund, Central African Forest Initiative. Only countries indicating participation in at least one initiative are included in this Figure.

that they were able to access to only one source of funding and ten countries didn't indicate any source of funding, therefore, a more detailed analysis considering country circumstances and needs should inform better the country-specific needs and opportunities to access to external funding for REDD+.

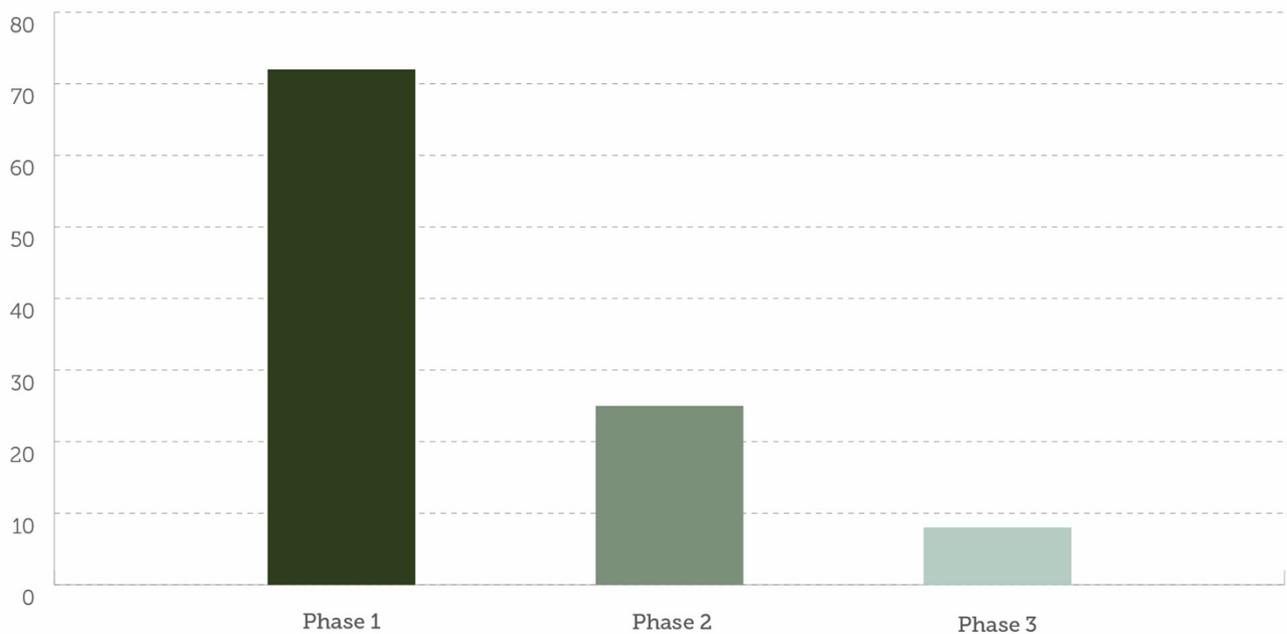
Given the phased nature of REDD+, it was also relevant to identify the REDD+ phases where most funding sources are concentrated. Figure 17 shows the frequency of funding sources provided for each REDD+ phases. Up to now, a limited amount of funding has been committed or disbursed for Phase 2, when compared to REDD+ finance dedicated to Phase 1. It is possible to evidence a similar trend based on country's responses to the survey, where they indicated a higher number of funding sources provided for Phase 1 compared to Phase 2.

It is well noted that most of the countries' responses indicated that support for REDD+ phase 1 from FCPF and UN-REDD was the most frequent among several other contributions from

other agencies and bilateral agreements. As previously indicated, this support was provided for over a decade to most countries and significant progress has been achieved and many countries are ready or close to ready to report on achievement of results to the UNFCCC. It is important to acknowledge that, in addition to the support provided by these sources, many governments allocated their own resources as well, therefore this analysis is not meant to attribute the progress made to any funding source but rather to acknowledge the time since the support was provided and the current progress of countries.

Independently from the phase each initiative supports, it is relevant to keep track of the results achieved due to the implementation of actions supported by each initiative and identify the missing elements and challenges faced over time that should better inform the additional support that countries may require, including from domestic public and private sources.

**Figure 17.** Frequency of funding sources for REDD+ phases in countries responding the survey



Moreover, it is advisable that countries analyze their flows of REDD+ funding, including the financial flows and financial incentives that contribute to the deforestation and degradation processes that need to be re-directed to contribute to the countries' REDD+ goals.

Among the findings from the survey, it was also noted that in many countries the distinction between REDD+ interventions on phases 1 and 2 is not necessarily clearly delineated as some interventions occur simultaneously or are intrinsically integrated, such as the improvement of the NFMS while implementing measures to address deforestation. As previously mentioned, REDD+ phases are not necessarily sequential; thus, countries may be eligible for multiple modalities of funding concurrently. It is also noted that while funding has, in many cases, been provided with certain conditions associated with REDD+ phases, it is clear that such distinction is not necessarily relevant to identify areas of support of countries for REDD+. In that sense, flexibility to accommodate funding support with countries' needs and circumstances is well understood by the GCF and encouraged to other sources of funding.

GCF encourages organizations and agencies to constantly update their portfolio and pipeline information to better identify countries' gaps and needs in terms of funding for the different phases of REDD+. Stocktaking reports such as the one developed by the European Commission in 2018 (Olesen *et al.*, 2018) allow for increased understanding on the potential of complementarity and coherence among funding sources for REDD+.

Coherence and complementarity, in many cases, are perceived or understood as features that helps to characterize the funding needs at country level ex-post; that is to say, when the funding has already been allocated. However, analyzing coherence and complementarity implies determining -ex-ante- if the proposed

funding is necessary, timely, adequate and if it builds upon existing and planned funding.

Many attempts to characterize the finance landscape for REDD+ focus on the current status of finance based on several features, such as funding volume, sources, scope, flows and coordination challenges, among others. While these initiatives are useful to understand donors' interests, trends in funding flows and willingness to disclose finance information from donors, a more comprehensive understanding of in-country coherence and complementarity for REDD+ funding is needed.

Therefore, analyzing coherence and complementarity implies not only fostering improved coordination among donors; it also implies assessing the effectiveness of such coherence and complementarity of domestic public and private funding sources at country level, and its ability to be mainstreamed at sub-national levels. Even though several reasons can explain the capacity and willingness of countries to ensure coherence and complementarity (e.g. high personnel rotation within governmental institutions, shifting priorities, expenditure capacity, etc.), results are expected within a timeframe, and a lack of progress or delivery as planned, needs to be explained and understood.

In this sense, tools and approaches to better understand the complexity of the finance landscape related to REDD+ are welcomed. One example is an initiative led by the EU-REDD Facility and Climate Policy Initiative to increase understanding of REDD+ finance in selected countries, while identifying country gaps and needs, and better informing decision-making. Box 2 highlights an example of the Land Use Finance Tool for mapping financial flows for REDD+.

## Box 2. The Land Use Finance Tool for mapping financial flows for REDD+: the Case of Côte d'Ivoire

The Land Use Finance Tool was developed to help countries, jurisdictions and their partners better understand investments affecting forests at the national and subnational level. Developed by the EU REDD Facility and the Climate Policy Initiative, this tool has been used in Côte d'Ivoire to measure progress and identify opportunities to increase funding towards the implementation of REDD+ objectives. The application of this tool in Côte d'Ivoire was funded by the EU REDD Facility and the UN-REDD Programme (USD 220,000). The 2016 analysis was based on Côte d'Ivoire's national REDD+ strategy and on its Ministry of Budget's disbursed investment data for 12 relevant ministries, as well as on international data from the country's Ministry of Economy and Finance and survey responses from 10 donors.

The study showed that the level of public investment by 2016 made up only a small fraction of the expected needs for implementing Côte d'Ivoire's REDD+ strategy. Out of the USD 289 million per year estimated to be needed to meet Côte d'Ivoire's 20 percent forest cover objective by 2030, only 2 percent of this amount was allocated for reforestation and sustainable forest management interventions. The analysis also reflected that more than 80 percent of domestic and donor investments in land-use activities may have contributed to deforestation and forest degradation, which underlined the need to mainstream climate objectives in the country's land-use programmes and policies.

Applying the Land Use Finance Tool meant that the need for forests to become a priority for the Ivorian Government and its partners was acknowledged, while demonstrating that means do not yet match ambition when it comes to the zero-deforestation and forest restoration objectives that are stated in the national REDD+ strategy.

### 3.3. Pursuing private sector engagement in REDD+

Current domestic and international funding mobilization has been insufficient to tackle forest loss significantly, although some efforts have been effective. With the ambition required to limit climate change to 1.5 °C by 2030, there is a need to attract a different kind of capital to fill the gap in financing for conservation, sustainable forest management, restoration and other initiatives that imply keeping the forests standing according to their value.

Given the agility of the private sector and its influence on forest landscapes, it is necessary to consider ways to promote private sector mobilization. It is widely acknowledged within the climate finance community that most of the future climate finance must come from the private sector.

The private sector is strongly engaged with the forest and land use sector, especially in revenue generating activities such as agriculture and forestry. These activities are considerable sources of revenue both for local and multinational actors engaged in supply chains, but also important as sources of tax revenue for governments. At the same time, these activities drive the major source of emissions in many developing countries, particularly due to the conversion of forest to other land uses, such as agriculture.

For sake of simplicity, the private actors engaged in forest and land use activities could be classified into four main categories:

1. **Producers:** this category refers to landowners or companies which produce outputs on the ground. Examples of activities in this category include agriculture, forestry, ecotourism, etc.
2. **Buyers:** this category refers to the supply chain, a string of actors who purchase from

- producers or other actors and may transport, process or simply resell the products.
3. **Financial institutions:** these actors invest in the supply chain by providing capital through different financial instruments. These may include loans, equity or guarantees.
  4. **Service providers:** a large variety of actors already provide essential services to both public and private actors engaged in land use and forest activities. These include private consultants, CSR initiatives, philanthropic organizations, forest-carbon investment developers, etc.

While it may seem that these categories are well defined, their boundaries are not entirely crisp, and in many cases, private actors in one class engage with other stakeholders in many ways. For example, a cocoa trader, which would fall under the second category, may also provide offtake agreements and finance to producers directly, and therefore engage as a de facto financial institution. Also, the size of the actors in these categories vary greatly, based on their scale of operations. They may range from the smallholder surviving off subsistence agriculture

on half a hectare of land or less, to the large landowners managing thousands of hectares of land. This means that the heterogeneity of the private sector needs to be taken into consideration as it is one of its main strengths, which also calls for appropriate flexibility in the GCF's operating mode.

There is a need to better understand the private sector actors involved as they have different requirements and specificities. As mentioned earlier, the private sector may include, among others, small and medium-sized enterprises, private corporations, public-private associations, private ventures, financial sector (banking system), and impact investors. Based on a broad understanding of their specific needs and requirements, it is possible to develop a menu of options to make it easier for countries to access private finance. This may be provided through GCF investments as pre-set financial structures that have proven to be successful in the forestry and/or conservation sectors, and/or looking for innovative funding modalities.

**Table 7.** Examples of alternative mechanisms to access private finance for the forest and land use sector

EXAMPLE OF INTERVENTIONS	FINANCIAL VEHICLES	DESCRIPTION	INSTRUMENT/PURPOSE
Smallholder sustainable agriculture	Guarantees, insurance, securitization, interest rate swaps	Mechanisms to protect private investors from specific risks at business, project and/or country levels	Risk mitigation and transfer
Strengthening natural protected area management, establishment			
Land tenure de-risking			
Micro-insurance for climate risks			
Smallholder agriculture integrated in value chain	Equity, debt, mezzanine financing, grants	Concessional direct investment into a company or project delivering benefits	Ex ante returns enhancement (direct funding)
Ecotourism with revenue streams			
Ecological restoration			
Payment for ecosystem services (including carbon under REDD+)	Performance-based contracts, impact bonds, market commitments	Instruments incentivizing private investors or companies investing in high impact sectors	Ex post returns enhancement (results-based incentives)
Agroforestry (e.g. coffee, cocoa)			
Future purchase agreement of non-timber forest products (e.g. Brazilian nut)			

*Adapted from Guarnaschelli, Limketkai, & Vandeputte, 2018*

In the context of REDD+, private sector actors could be understood as being grouped into two broad classes: those involved in the carbon markets and those linked to commodity supply chains associated with deforestation and degradation.<sup>33</sup> Both groups are not mutually exclusive, and their roles could vary according to the business model and expected returns from their activities and investments.

Those private sector actors expecting returns from the trade of verifiable emission reductions place their expectations in the potential demand from compliance and voluntary carbon markets. The current state of the markets is not providing enough signal for private sector actors involved in emission reductions production and trading, several emerging markets could provide new incentives for forest sector mitigation, including: domestic emissions trading schemes; bilateral international carbon trading; and international carbon markets (e.g. Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)). The carbon markets could play a significant role in transitioning from fossil fuels to renewable energy sources.

While many of these markets are still under development, GCF could provide private sector investors with instruments to reduce the uncertainties associated with future demand from these, not to mention other markets that may emerge in the future. For this to happen, all investments supported by GCF will need to ensure compliance with UNFCCC requirements for REDD+.

In some cases, private sector interventions on REDD+ occur at the activity-level or project-level scales (even below sub-national scale) so these will need to be nested within national or sub-national scales and included in the accounting of emissions reductions or enhancements of carbon stocks reported to UNFCCC. GCF acknowledges the technical challenges and the concerns around environmental integrity, leakage, benefit sharing mechanisms, carbon rights, etc., as well as the implications for countries' NDCs when exporting emission reduction units for carbon markets. Nonetheless, the potential to bring significant funding for REDD+ from these sources should not be underestimated and all means to overcome any challenge in engaging with these private sector actors should be explored.

With respect to the other group of private sector actors engaged in commodities supply chains associated with deforestation and degradation, an increasing global momentum has triggered the establishment and strengthening of multiple platforms, initiatives and coalitions bringing together key players from the private sector to foster decoupling of deforestation and degradation from the production, trade and consumption of commodities. The following REDD+ and forest-related global initiatives have strong private sector focus: the Bonn Challenge, the Governor's Climate and Forest Task Force, the Land Degradation Neutrality Initiative, the New York Declaration on Forests, Tropical Forest Alliance, the Tropical Landscapes Finance Facility, among others. Further details of these initiatives are provided in Table 8.

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<sup>33</sup> [www.uncclearn.org/sites/default/files/inventory/un-reddo3.pdf](http://www.uncclearn.org/sites/default/files/inventory/un-reddo3.pdf)

**Table 8.** Non-exhaustive list of global initiatives and platforms related to REDD+, forests and climate change with strong private sector engagement

INITIATIVE, PLATFORM	BRIEF DESCRIPTION OF THE INITIATIVE
Bonn Challenge	Restoring 150 million hectares of the world's deforested and degraded land by 2020 and 350 million hectares by 2030
Governor's Climate and Forest Task Force	Subnational governments provide critical opportunities for policy innovation and leadership Successful efforts to protect forests, reduce emissions and enhance livelihoods must be based on jurisdiction-wide programmes To date, participation in 35 states and provinces, 4.9 million km <sup>2</sup> of forests in 10 countries
Land Degradation Neutrality (LDN) Initiative	The targets set by the Land Degradation Neutrality Initiative address Sustainable Development Goal 15.3: "By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world" Strengthen the implementation of countries' national action programmes under the United Nations Convention to Combat Desertification
New York Declaration on Forests	Cutting natural forest loss in half by 2020, and strive to end it by 2030 Restore 150 million hectares of degraded landscapes and forest lands by 2020 and significantly increase the rate of global restoration thereafter, which would restore at least an additional 200 million hectares by 2030
Tropical Forest Alliance	Committing to zero net deforestation by 2020 for the palm oil, soy, beef, and paper and pulp supply chains Mobilizing all actors to collaborate in reducing commodity-driven tropical deforestation through public-private alliances
UNFF Strategic Plan for Forests (2017–2030)	Conserve and sustainably manage all types of forests and trees outside forests Halt deforestation and forest degradation The Global Forest Finance Facilitation Network has a mandate under the UNFF to promote finance for forest action including from the private sector

Several of these global initiatives have focused on setting ambitious targets to halt deforestation and forest degradation, as well as to restore degraded lands and forests. Transparency and communication about the progress of these initiatives, as well as broader efforts countries are making toward international goals (NDCs and SDGs) and in turn ratcheting up ambition levels, accordingly, will be crucial to reaching transformational change by 2030 and beyond.

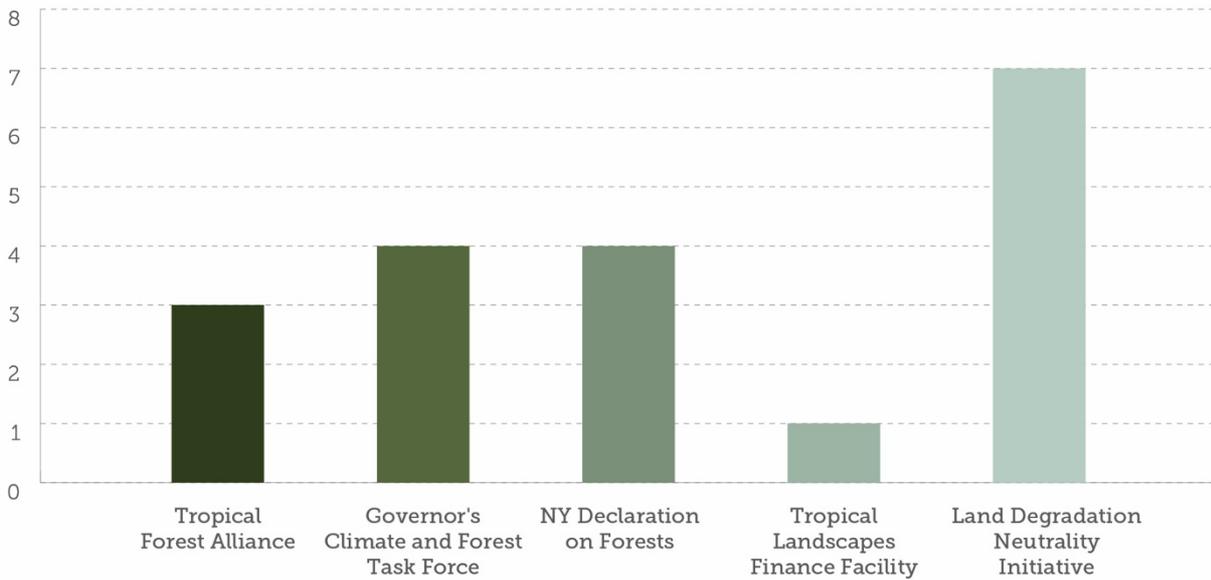
Based on the responses provided to the survey, many countries indicated their participation in one or more of the above-mentioned forest-related global initiatives (Figure 18). Survey responses indicate that seven countries are

engaged with the LDN Initiative (Benin, Jamaica, Liberia, Nigeria, Peru, Samoa and Serbia); four countries indicated participation in the Governor's Climate and Forest Task Force (Colombia, Mexico, Nigeria and Peru); three countries indicated engagement with the Tropical Forest Alliance (Colombia, Indonesia and Liberia)<sup>34</sup>, four countries acknowledged participation in the New York Declaration on Forests (Colombia, Ecuador, Jamaica and Liberia)<sup>35</sup>, while only one country (Benin) referred to the TLFF.

<sup>34</sup> According to TFA's website, 11 partner countries are partners of the TFA 2020: Colombia, Cote d'Ivoire, Gabon, Ghana, Central African Republic, DRC, Indonesia, Liberia, Sierra Leona, Republic of Congo and Brazil. [www.tfa2020.org/en/](http://www.tfa2020.org/en/)

<sup>35</sup> The NY Declaration on Forests was first endorsed at the United Nations Climate Summit in September 2014, and by October 2017 the NYDF supporters grew to include over 191 endorsers: 40 governments, 20 sub-national governments, 57 multi-national companies, 16 groups representing indigenous communities, and 58 non-government organizations.

**Figure 18.** Number of countries indicating participation in forest-related global initiatives, based on survey responses



In recent years, blended finance has been proposed as way to unlock business opportunities and to catalyse private capital investment. Blending public impact-driven funding with private capital may help to create layered funding structures, where risk is distributed and mitigated for all investors.

The estimated committed private capital for conservation tracked between 2004 and 2015 reached USD 8.2 billion, and investors were willing to spend an additional USD 3 billion in conservation investments, but they could not find investments with the right mix of environmental and financial returns to meet their goals (Hamrick, 2016). From the development finance perspective, different leveraging mechanisms which are recognized by the Organisation for Economic Co-operation and Development, are used to mobilize finance from the private sector towards development. The overall amount mobilized from the private sector to the forestry, agriculture and fishery sector by such mechanisms in the period 2012–2015 was USD 2.8 billion (Benn, Sangaré and Hos, 2017).

While private capital availability seems not to be a constraint for mobilizing forest-related finance from the private sector, limitations for developing countries to access private investments are all too real. This could be related to the investors' lack of clarity and understanding on the expected business returns from treating forests as investments, because such investments usually have a longer lifespan than traditional investments.

Financing mechanisms that include "impact investing" could help to increase investor comfort with longer time frames, thus lowering the barrier to entry. Such blended finance could increase the total volume of finance going towards REDD+ and contribute to the required paradigm shift.

In this context, REDD+ serves as a springboard for engaging with the private sector. In addition to the "business as usual" initiatives, where the private sector participation relates to the timber-based sector, private investment can be catalysed through enhancing sustainable supply chains related to forest products with current market value. Initiatives and actions related to REDD+ aiming to further catalyse private sector

investments include the following examples, mentioned in the responses to the GCF survey:

- The Serious Shea initiative in Burkina Faso: a private sector initiative intended to significantly reduce the consumption of fuel wood in the shea butter value chain by using clean technologies. The initiative also intervenes in the sustainable management and reforestation of shea trees, while fostering gender equality. This initiative is intended to become a public–private partnership initiative once challenges (e.g. technology change costs and alignment of areas of intervention with the expected REDD+ jurisdictional programme) have been overcome;
- In Zimbabwe, a public–private partnership is being implemented by Carbon Green Africa and Rural District Councils along the Zambezi valley (the Kariba REDD Project) to promote the commercialization of sustainable moringa tree oil for the food and cosmetics industries;
- In Liberia, close to the Nimba mountain range, the IDH Sustainable Trade Initiative promotes public–private partnerships to jointly design and prototype economically viable approaches to fostering inclusive growth at scale in commodity sectors and sourcing areas;
- In Pakistan, as part of the country’s national REDD+ strategy implementation, the

potential roles of the different private sector actors are being analysed, and a mechanism is being designed for mainstreaming and fostering private sector engagement in REDD+ activities;

- In Uruguay, as part of the elaboration of the national REDD+ strategy, an ad hoc survey of the private sector is being carried out to assess willingness to participate in a domestic GHG emission compensation mechanism, specifically related to emission reductions generated by the conservation and sustainable management of native forests; and
- Other countries in Latin America have developed core policy instruments related to carbon taxation for private companies. These instruments allow for the use of offsets from GHG emission reduction projects (including REDD+) to claim a non-payment of the carbon tax on fossil fuels.

The role of the GCF in relation to the private sector focuses on addressing barriers and reducing risks to private sector investment in adaptation and mitigation activities. Such barriers and risks may include market failures, insufficient capacity, lack of awareness on how to mobilize private capital, and/or lack of expertise at scale in accordance with national plans and priorities.<sup>36</sup>

**Table 9.** Examples of blended finance schemes, with participation of the private sector, in the forest and land use sector

FINANCIAL ENTITY	VALUE PROPOSITION	FINANCIAL INSTRUMENT	INVESTMENT CONDITIONS
<b>Andgreen Fund</b>	Provides purpose-built capital for the sustainable intensification of agricultural production systems and business models that reduce deforestation in the tropics	Loan and guarantee to de-risk investment in sustainable agriculture production (soy, forestry, livestock and palm oil)	USD 10–15 million per deal Long-term (5–15 years) Caps 25 percent of total risks
<b>Conservation Financing Facility</b>	Investments are designed to address performance gaps associated with conservation investments from both the financial and impact perspectives. Themes: sustainable forestry and agriculture, ranching and livestock, aquaculture	Debt and quasi-equity instruments that enable upside participation (royalty-based or benefit-sharing strategies). Assumes up front project preparation risk	USD 30–500 thousand per deal USD 20–50 million target size 20–40 deals per year

<sup>36</sup> GCF decision B.04/08.

FINANCIAL ENTITY	VALUE PROPOSITION	FINANCIAL INSTRUMENT	INVESTMENT CONDITIONS
<b>Inter-American Development Bank Multilateral Investment Fund</b>	Designs and finances pilot innovative projects in the agriculture value chain that improve productivity and reduce climate impact. Acts as the outcome payer, conditioning payments to desired outcomes to ensure performance and value for money	Impact bond for climate-smart agriculture development (e.g. cocoa farming). Investors provide up front capital	USD 2.6 million (tied to results) Results in terms of smallholders' income increase, deforestation prevented
<b>Althelia Fund</b>	Invests in land restoration projects through sound agroforestry systems integrated to large avoided deforestation schemes (REDD+) and forest-based emissions reductions	As an asset manager, expects financial returns through REDD+ carbon credits market and agroforestry commodities tied to markets	Target: USD 120 million until 2020 Investment risk sharing agreement through the United States Agency for International Development Credit Authority
<b>The Social Enterprise Loan Fund</b>	Leverages donations and patient capital from different donors into investments in social and environmental enterprises that generate dignified jobs for people most in need	Debt capital to high-impact enterprises (patient, flexible capital). Impact in terms of social and environmental metrics	Above USD 250 thousand in middle stage start-ups. Expected internal rate of return 3 percent
<b>Mitsubishi Foundation</b>	Designs a credit package for non-timber forest producers which incorporates the specificities of the business based on the production model, income flows and profitability	Credits for local producers of non-timber forestry products with local private banking participation	Interest rate: 7 percent semi-annual

Overall, there are no restrictions on private sector activities in relation to REDD+ financing through the GCF. Acknowledging the wide diversity of actors in forestry and land use sectors, the GCF could provide a variety of financial instruments to support private sector actors directly or through financial intermediaries. In this case, finance is expected to crowd in investments that would otherwise not be feasible for the private sector actors. The GCF can assist private sector actors involved in the value-chains of agricultural and forest commodities that generate large sources of emissions from deforestation and forest degradation to shift to deforestation-free supply chains. This support may include increasing capacities at the producer level through technical assistance with grant and non-grant instruments, as well as participating directly or indirectly in the investments through equity or guarantees for reducing certain risks. For example, The GCF can

promote climate smart agriculture, agroforestry and reforestation by closing the finance gap that renders business-as-usual to be more profitable than improved practices (in the short term), and at the same time it can promote actions that reduce pressure on forests. This assistance requires the creation of an incentive structure for farmers to choose to implement climate smart practices and to reduce the perceived risks for investment in productivity while establishing mechanisms to prevent the expansion of agricultural activities into forested lands.

### 3.4. Strategic engagement for achieving REDD+ goals

The findings of the survey also provided valuable information on country-level needs as well as for the identification of the diverse initiatives and funding sources for REDD+ that will need to be articulated at country, regional and global levels.

Efforts in seeking strategic engagement for REDD+ support will allow GCF to meet its goals of enhancing complementarity at the activity level and promoting coherence at the national programming level and foster the support for achieving countries' NDCs and REDD+ goals. Strategic engagement with countries and partners allows to identify thematic and financial synergies on REDD+ between project/programme portfolios across climate funds and REDD+ related initiatives, while contributing to expand collaboration modalities.

Strategic engagement with countries begins by understanding their development priorities; which could be done by analyzing country's NDCs, REDD+ strategies/action plans, National Adaptation Plans and other policies and climate strategies. In the context of the GCF, it also implies developing country programmes responding to such priorities in consultation with stakeholders, particularly with forest-dependent people and vulnerable population, and through the engagement with the private sector.

Moreover, strategic engagement involves analyzing the funding gaps and barriers under each specific context; to finally identifying a pipeline of investments, that could be supported by the GCF and other sources of public and private funding, aligned to each country's needs and priorities. Strategically engaging with countries and regions to drive transformational programming implies enhancing dialogue, knowledge support, capacity building, training, among others.

Furthermore, strategic engagement for REDD+ support goes beyond country engagement. It implies fostering alignment and articulation among the multiple existing and planned efforts of AEs, executing agencies and their partners. Strategic engagement is key to facilitate structuring of investments demonstrating innovative and scalable business models, technologies and practices; more targeted

interventions; flexibly deploying the GCF's range of financial instruments to de-risk, scale and mobilize finance behind climate-compatible investments; expanded collaboration with partners and in particular the private sector seeking to leverage impact, crowd-in capital and build scale; and concerted efforts to disseminate and accelerate the uptake of climate-compatible investment knowledge.

In order to achieve transformational change needed to reach the goals of the Paris Agreement and in meeting 1.5°C target by 2030, GCF cannot act alone but needs to foster its investments in line with and inspired from other partners and stakeholders within a broader community. As part of the development of the its forest and land use sector guidance, GCF is aiming to strengthen collaboration with existing local, regional and global coalitions. Given GCF's mandate, it needs to convene partnerships with countries, public and private sector entities and successfully forge innovative investments interventions related to REDD+.

Building a strong coalition of like-minded partners and initiatives requires systems thinking. Pursuit of expert partnerships through communities of practice, knowledge leadership, and peer learning will help encourage approaches and decision-making that look beyond individual project/programme boundaries. It will serve to look for opportunities to innovate, catalyze, replicate and scale systemic changes across sectors and regions.

These efforts do not intend to invent new global targets, but rather gather all existing commitments to reinforce and materialize the efforts to reach the ambitious and needed commitments and that will also contribute to the Sustainable Development Goals. This ambition could also be reflected in countries' 2020 NDCs.

## 4. The Way Forward

After more than a decade of global discussions and significant progress made by countries in taking REDD+ actions, from readiness to implementation phases, most of the countries participating in this analysis indicate that additional support is still required to get to the last mile where REDD+ results are achieved and reported at national and subnational scales<sup>37</sup>, as part of the transformational process towards low-emissions and climate-resilient development pathways.

While it has not been quick, cheap or easy, REDD+ is still a valid idea, more so now than ever. Recent findings show land-oriented climate solutions – primarily those protecting and restoring the world's forests - could deliver more than one-third of the cost-effective mitigation needed to keep global warming below 1.5°C by 2030. Yet land-oriented climate solutions receive only 3 percent of climate funding, less than a tenth of what could be considered a fair share (Angelsen *et al.*, 2018).

Although GCF support for the forest and land use sector is framed towards mitigation impact, projects and programmes related to forests and land use also contribute to climate change adaptation (i.e. increasing climate resilience and provision of ecosystem services). This underpins the GCF commitment to pursue transformative action focusing on both mitigation and adaptation interventions in the forest and land use sector. On this regard, the GCF Board requested the secretariat to develop a board document expected to be discussed at its 24<sup>th</sup> meeting in 2019 on “alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests” as mandated by UNFCCC decisions.<sup>38</sup>

In addition to their significant role in addressing climate change through mitigation and adaptation measures, the maintenance of global ecosystem services from forests are also critical to sustain global economies, prevent further losses and damages caused by climate change and provide cooling effect on continental land temperature. In that sense, a growing scientific evidence show that tropical deforestation is disrupting the movement of water in the atmosphere, causing major shifts in precipitation potentially leading to drought in key agricultural lands in China, India, and the U.S. Midwest (Pearce, 2018). The disruption of these ‘rivers of moisture’ reduces the cooling effect provided by the high very transpiration rates from forest to the atmosphere. Improving understanding of the intercontinental relationships of global ecosystemic processes from forests should promote enhanced collaboration among countries and larger scale interventions to secure major forest biomes at a global scale.

Beyond the support from GCF to the full implementation of REDD+ as it was originally conceived and subsequently evolved over time, GCF will continue exploring ways to acknowledge the role of forest-based ecosystem services across regions (e.g. the role of the Amazon region in the generation of moisture crucial for agriculture as well as cooling in several developed and developing countries). Initiatives at such scales could make it necessary to address complex issues, covering multiple countries in a region and/or correlated interventions within a country as well as scaling up proven models while increasing efficiency.

GCF will continue to assess countries’ progress and needs in achieving REDD+ results, which implies their becoming fully compliant with the requirements of the Warsaw Framework. It will do so in a manner that aims to maximize coherence and complementarity with other

<sup>37</sup> As interim measure with a stepwise approach towards national scale

<sup>38</sup> UNFCCC decision 9/CP.19

available and planned funding sources, public and private and promote cross sectoral coordination in countries following the vision of including forests as part, not against, their development models. GCF will also encourage stronger coordination among countries, particularly those sharing cross boundary biomes, in order to deliver more impactful and needed interventions to accelerate climate action.

The GCF pilot programme on REDD+ RBPs is fully operational and offers a game-changing opportunity for recognizing countries' efforts in achieving REDD+ results. The GCF will continue engaging with countries and AEs on providing additional guidance on the requirements for accessing REDD+ RBPs from the GCF. The lessons learned so far from the implementation of the pilot programme will be discussed by the Board at its 24<sup>th</sup> meeting in October 2019.

The immediate actions resulting from the analysis presented in this document and following GCF Board decisions in relation to the forest and land use sector are:

- a) Promote a simplified access to finance in response to countries' needs for the full implementation of REDD+.
- b) Develop sectorial guidance to better inform the ambition expected to be achieved with GCF support in coordination with all relevant stakeholders.

#### 4.1. Simplifying access to support REDD+: the REDD+ SAP

Through the simplified approval process (SAP), GCF could offer support for the implementation of innovative demonstration activities to address the drivers of deforestation and forest degradation, including enhancement and conservation of forest carbon stocks, and with scaling-up potential (REDD+ SAP). REDD+ SAP can be an instrumental tool and enabler to

advance countries' national processes towards the full implementation of REDD+ and achieving emissions reductions and sequestered that could be eligible for results-based payments<sup>39</sup> from the GCF or other private and public funding sources. This means supporting countries to reach compliance with the UNFCCC requirements<sup>40</sup>, including the Warsaw Framework<sup>41</sup> for REDD+ and implement demonstration activities that could be replicated or scaled-up and report REDD+ results at sub-national and national scale.

As such, the REDD+ SAP offers countries the opportunity to:

- a) **Complete and/or update the UNFCCC requirements for REDD+ RBPs:** The REDD+ SAP targets countries that are in their early phases of REDD+ (readiness and implementation) and seek support to finalize the requirements of the UNFCCC to be eligible for RBPs. It is also targeted for those countries that have already completed those requirements but require support for updating or scaling-up any of them. This support should build and complement on past and current support received by various initiatives and funders and promoting leverage of domestic public and private sector finance as well. Completing previous and ongoing efforts, SAP can fill the gaps and contribute to paradigm shift in the context of REDD+.
- b) **Implement REDD+ demonstration activities** that would enable the country to initiate on-the ground activities that could generate scalable REDD+ results while complying with the UNFCCC requirements allowing the country to become eligible for results-based payments from the GCF and other financial sources assuring complementary and coherence among them. Demonstration activities need to minimal to none risk and be innovative and to contribute to national REDD+ strategy/action plan, as well as development priorities that are aligned with the Nationally Determined Contributions and

<sup>39</sup> [www.greenclimate.fund/how-we-work/redd](http://www.greenclimate.fund/how-we-work/redd)

<sup>40</sup> <https://redd.unfccc.int/fact-sheets/redd-mrv-and-results-based-payments.html>

<sup>41</sup> <https://redd.unfccc.int/fact-sheets/warsaw-framework-for-redd.html>

the National Adaptation Plans involving forest-related interventions.

There is full flexibility for the country to identify which type of activities should be implemented and how according to country circumstances. The overall objective of this component is to accelerate innovative activities contributing to REDD+ with scaling-up and replicability potential. These demonstration activities can address different types of innovation, including financial innovation. REDD+ demonstrative on-the-ground activities may include the following elements:

- a) Implementation of REDD+ activities at jurisdictional scale
- b) Innovative ways to attract and engage private sector investment including development blended finance instruments and impact investing
- c) A financial architecture to ensure sustainability for the REDD+ activities from both private and public sectors
- d) The modalities of implementation including bundling practices under the umbrella of incubators and accelerators of small (i.e. startups), medium and large size ventures
- e) The practices to demonstrate and scale-up the value of forests including techniques and methods to integrate the full range of ecosystems services and its trade-offs
- f) Modalities to pilot benefit sharing mechanisms for REDD+ that could be scaled-up at national scales or replicated in other jurisdictions
- g) The inclusion of technology-based solutions embedding local knowledge for REDD+
- h) Mechanisms to decouple commodity value chains from deforestation and forest degradation
- i) Others identified by the country.

Under SAP, countries and AEs should consider that demonstrative activities shall contain

minimal to no environmental risks, falling under Category C or Intermediation 3 of the GCF ESS Policy and GCF ESS SAP guideline. The level and determination of ESS risk may vary project-by-project, and AEs will be guided by the GCF Secretariat during the second-level due diligence process.

Concept Notes and Funding Proposals for the REDD+ SAP are expected to be received by the GCF via the Online Submission System (OSS)<sup>42</sup> through the NDA or AE portal.

#### 4.2. Developing the GCF's forest and land use sectoral guidance

As requested by the Board, GCF is currently working on its sectoral guidance to direct future GCF support and interventions, and although the guidance for the forest and land-use sector goes beyond the boundaries of REDD+, the content of this Working Paper will contribute to such guidance seeking improved collaboration with other financial mechanisms and entities while ensuring complementarity and coherence. The sectorial guidance will be formulated through an extensive consultation process through 2019 and early 2020.

The sectoral guidance expects to determine strategic goals related to promoting paradigm shift in the forest and land use sector (chapter 2), and the wider GCF mandate. The strategic goals will need to consider different timescales and ambition levels (i.e. in terms of addressing climate change adaptation and mitigation significantly). These strategic goals will also need to consider GCF's replenishment cycles, its programmatic approach and country's NDCs.

The guidance will include concrete and practical actions and interventions to effectively achieve the specific strategic goals. The shall include the following elements (but not only) and shall be

<sup>42</sup> [www.greenclimate.fund/how-we-work/sap](http://www.greenclimate.fund/how-we-work/sap)

built on the meta-analysis described before and on public consultations.

- Guidance for strategic partnerships (relevance, roles, interests)
- Guidance to promote strategic country level engagement
- Guidance to promote strategic global/regional level interventions
- Guidance to ensure complementarity and coherence

Consultation processes for the development of GCF's sectoral strategy on forests and land use will be communicated through GCF's dedicated REDD+ webpage ([www.greenclimate.fund/how-we-work/redd](http://www.greenclimate.fund/how-we-work/redd)).

A second survey targeting AEs will be conducted by GCF between June and July 2019. It will allow entities identify areas of work related to the implementation of REDD+ and to better coordinate with the GCF the future support related to REDD+ implementation.

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