



Climate Finance Thematic Briefing: REDD+ Finance

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Climate Finance Fundamentals **5**

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Since 2008, over USD 4 billion has been pledged to multilateral climate funds that support efforts to reduce emissions from deforestation and degradation plus conservation (REDD+). Despite strong interest in the potential to harness market based mechanisms to support REDD+ programmes, the future of such mechanisms remains highly uncertain. The last few years have seen relatively stable approvals for REDD+, averaging USD 220 million over the last five years. Cumulatively, USD 2.4 billion has been approved for REDD+ activities since 2008, USD 260 million of which has been approved in 2018. The Amazon Fund with USD 717 million approved for 102 projects in Brazil and the Amazon biome remains the largest dedicated REDD+ fund. Multilateral climate funds are increasingly funding projects that support both adaptation and mitigation, so projects involving forests and land use are not always tagged as REDD+ projects. The Green Climate Fund, for example, has approved at least five projects involving forests and land use that are considered both adaptation and mitigation. Norway is the largest contributor of REDD+ finance, followed by the UK, Germany and the United States. There have been increasing efforts to support developing countries' move beyond readiness and capacity building to demonstration programmes and emission reductions with payments based on verified results.

Introduction

REDD+ came into prominence following the recognition that land use change, principally deforestation, is responsible for 12 - 20% of global greenhouse gas emissions. Furthermore, tropical forests provide multiple ecosystem services and support the livelihoods of an estimated 1.6 billion of the world's poorest people who are dependent on forest resources. REDD+ has the potential to help promote environmental and socially sustainable use and conservation of forest resources as part of development strategies, provided safeguards, inclusive gender-responsive beneficiary schemes and traditional and indigenous usage rights are acknowledged and protected. The Warsaw Framework on REDD+ negotiated at COP 19 has highlighted the importance of safeguards implementation in addition to a focus on financing for verified emissions reductions results. The idea of harnessing carbon market based mechanisms to support REDD+ has attracted substantial interest. Although the structure and future of such a potential market remains uncertain, a large share of REDD+ finance has been spent on "readiness" activities to prepare countries for funding based on demonstrated reductions of deforestation and associated emissions.

Which climate funds support REDD+?

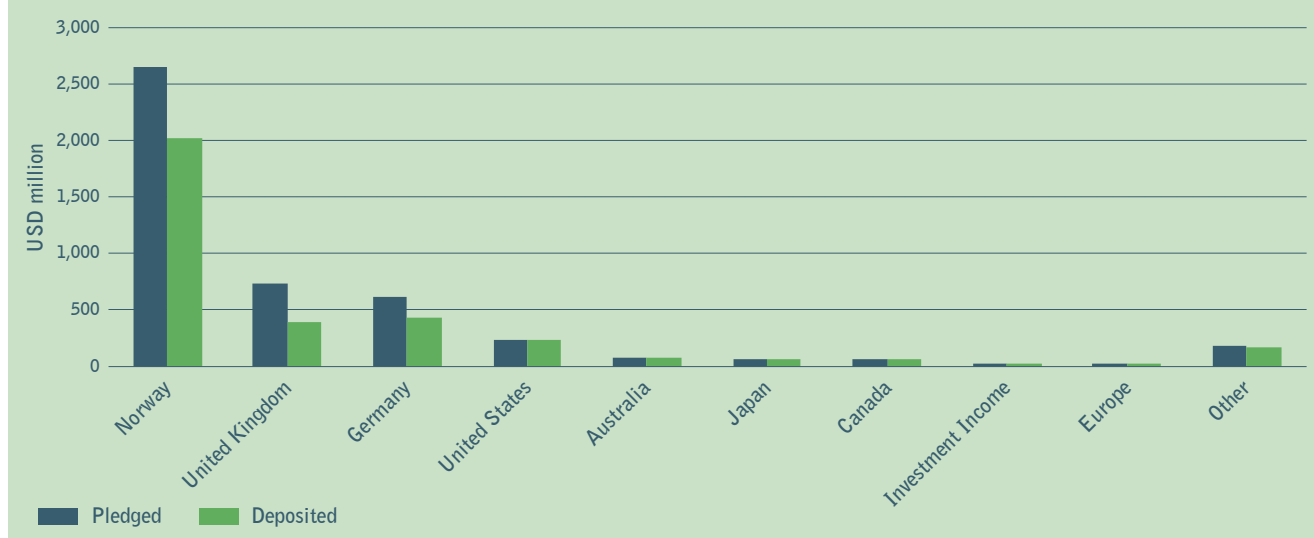
REDD+ finance is provided by several different institutions. The World Bank's Forest Carbon Partnership Facility (FCPF) Carbon and Readiness Funds (FCPF-CF/RF), its BioCarbon Fund and the Forest Investment Program (FIP) of the Climate Investment Funds, and the UN-REDD Programme are multilateral funds for REDD+ that together have approved USD 1.5 billion for project activities.

Many of these multilateral funds supporting REDD+ have focused on building readiness. REDD+ finance is, however, increasingly targeted at supporting developing countries to move beyond capacity building and readiness towards demonstration programmes and emission reductions with finance offered on a payment for performance basis. Funds supporting this transition such as the FCPF and FIP have sought to reorganise to provide more support to partner countries. As of July 2015, the World Bank, trustee to the FCPF Readiness Fund, Carbon Fund and FIP, reorganised operating units to offer more coherence and coordination across the three funds. Results-based payments from the FCPF Carbon Fund are yet to be realized, however.

Table 1: Climate funds supporting REDD+ (2008-2018)

Fund / Initiative	Pledged	Deposited	Approved	Projects approved
Amazon Fund	1,748.37	1,217.95	717.13	102
Forest Carbon Partnership Facility	1,319.54	959.34	527.76	90
Forest Investment Program	735.74	735.74	567.29	39
Biocarbon Fund	351.93	190.64	81.29	5
UN-REDD Programme ¹	319.55	308.46	316.57	35
Congo Basin Forest Fund	186.02	164.65	82.12	37

Figure 3: Pledges and deposits to REDD+ funds in Table 1 (2008-2018)



Who pledges and deposits REDD+ finance?

Norway has contributed the largest amount of finance to multilateral funds for REDD+ activities (Figure 3). Norway’s contribution represents 57% of the total pledged amount. The UK, the US and Germany are also major contributors of REDD+ finance, providing resources to multilateral funds as well as implementing bilaterally.

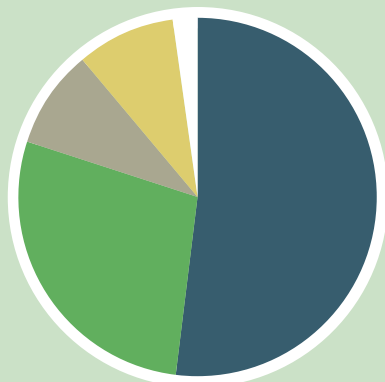
Who receives the money and what kind of projects are funded?

Figure 4 shows 52% of approved multilateral REDD+ funding, or USD 1.2 billion targets Latin America and the Caribbean. The Amazon Fund provides support to 102 projects in Brazil and the Amazon biome and accounts for 58% or USD 717 million of this amount and the FIP provides USD 100 million to Brazil, USD 77 million to Peru and USD 66 million to Mexico. The next largest recipient region, 28% of multilateral REDD+ funding or USD 668 million has been approved for projects in Sub-Saharan Africa. The biggest recipient of overall REDD+ finance in the region is the DRC, for which project approvals stand at USD 121 million.

CFU data records 65 countries as recipients of multilateral REDD+ finance, although a third of the total approved REDD+ finance is concentrated in Brazil (34%). The Democratic Republic of Congo, Ghana, Peru, Mexico and Indonesia, all have over USD 75 million approved from multilateral REDD+ funds.

In 2018, the largest project of USD 26 million was approved by the Forest Investment Program (FIP) to support Ghana’s Forest Investment Programme, of which USD 19 million was approved in concessional loans. The GCF is also increasingly supporting forest based climate action through cross-cutting projects that include both mitigation and adaptation elements. In 2018, for example, the GCF approved a USD 25 million project in Paraguay that promotes forest planting and reforestation, sequestering carbon and supporting local households to diversify their agricultural production to enhance their resilience to the impacts of climate change.

Figure 4: Regional distribution of approved multilateral REDD+ finance from major funds (2008-2018)



- Latin America and the Caribbean 52%
- Sub-Saharan Africa 28%
- East Asia and Pacific 9%
- Global and regional 9%
- South Asia 2%

In addition to the series of 12 Climate Finance Fundamentals, these recent ODI and HBS publications may be of interest:

- **Clean energy project preparation facilities: mapping the global landscape.** Darius Nassiry, Sam Pickard, Shelagh Whitely and Andrew Scott from ODI provide a comprehensive mapping of the project preparation facility global landscape. The results cover 150 project preparation facilities and form the most comprehensive study of its kind to date. Available at: <https://bit.ly/2RcGuQc>
- **“Back to the Future” for GCF After Recent Bahrain Board Meeting.** Liane Schalatek from Heinrich Böll Stiftung North America goes “Back to the Future” reporting on the October 2018 Green Climate Fund board meeting and its implications. Available at: <https://bit.ly/2r5dTkj>
- **Local actors ready to act: Six proposals to improve their access to the Green Climate Fund.** Menno Bosma, Maaïke de Hon, Annelieke Douma, Daan Robben, Raju Pandit Chhetri, Titi Soentoro and Liane Schalatek, bring together Both ENDS; Heinrich Böll Stiftung North America; Aksi! for gender, social and ecological justice; and the Prakriti Resources Centre to describe six specific proposals to stimulate more and deeper debate on the crucial role local actors play in the transformative change needed to deal with global climate change. Available at: <https://bit.ly/2SdV2PH>
- **Not a Silver Bullet.** Julie-Anne Richards and Liane Schalatek look at whether insurance is fulfilling its promise and argue that in many instances it can serve as a distraction from alternative financing solutions for loss and damage. A Heinrich Böll Stiftung North America product. Available at: <https://bit.ly/2PW3aYr>
- **Financing Loss and Damage: A Look at Governance and Implementation Options.** Julie-Anne Richards and Liane Schalatek discuss categorisations of loss and damage approaches, financing options and whether existing climate funds could channel loss and damage financing. A Heinrich Böll Stiftung North America product. Available at: <https://bit.ly/2nT55wa>
- **Radical Realism for Climate Justice.** A Civil Society Response to the Challenge of Limiting Global Warming to 1.5°C. Heinrich Böll Stiftung Berlin. Available at: <https://bit.ly/2PYfGqs>

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ClimateFundsUpdate.org

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Endnote

1. The reported approval amount is higher than the reported deposit amount for the UNREDD fund. This data reflects that of Trust Fund Factsheets as well as the online tool to track transactions and may result from differences in the timing of reporting or currency exchange fluctuations for example.

The Climate Finance Fundamentals are based on Climate Funds Update data and available in English, French and Spanish at www.climatefundsupdate.org

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