



## Climate Finance Thematic Briefing: REDD+ Finance

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## Climate Finance Fundamentals **5**

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Since 2008, over USD 5 billion has been pledged to multilateral climate funds that support efforts to reduce emissions from deforestation and degradation plus conservation (REDD+). There is and remains a longstanding interest in the potential to harness market based mechanisms to support REDD+ programmes. Cumulatively, USD 2.4 billion has been approved for dedicated REDD+ activities since 2008. The Amazon Fund with USD 720 million approved for 103 projects in Brazil and the Amazon biome remains the largest dedicated REDD+ fund.

The last five years have seen relatively stable approvals for REDD+, averaging USD 220 million but this has dropped to USD 15 million from dedicated REDD+ funds in 2019. In part, this is because 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 (GCF), for example, had approved at least five projects involving forests and land use, that are considering also additional target areas under both adaptation and mitigation, by 2018, with two more such projects approved in 2019. However, the GCF in 2019 also approved four dedicated REDD+ projects with results-based payments for a total of USD 229 million under its multi-year REDD+ pilot programme. These projects reflect efforts to support developing countries' move beyond readiness and capacity building to demonstration programmes and emission reductions with payments based on verified results.

### Introduction

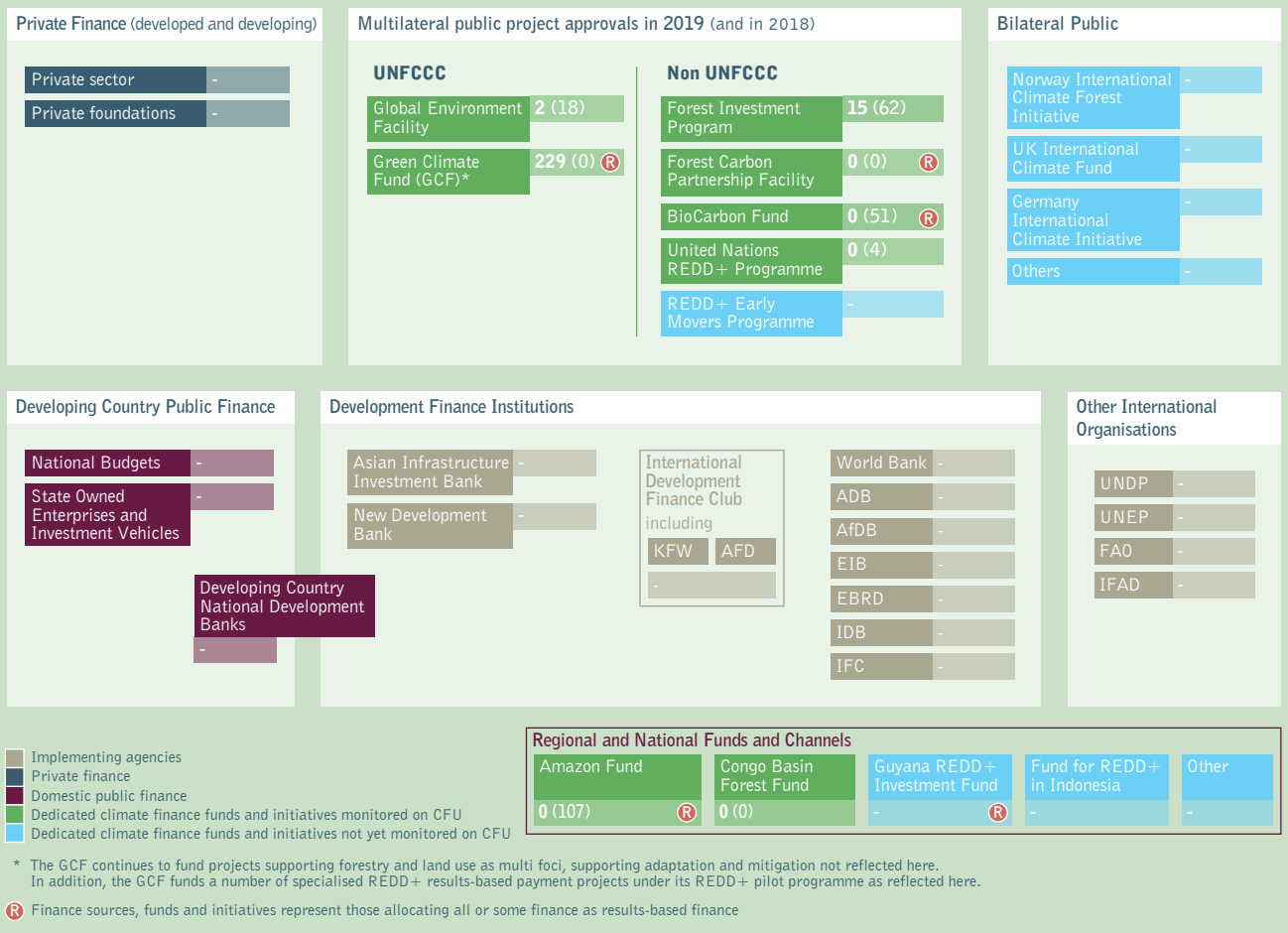
REDD+ came into prominence following the recognition that land use change, principally deforestation, is responsible for 12 - 20% of global greenhouse gas emissions. Furthermore, tropical forests provide multiple ecosystem services and support the livelihoods of an estimated 1.6 billion of the world's 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 (Figure 1, Figure 2, Table 1).

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 realised, however.

**Figure 1: International forests and climate change architecture (USD millions)**

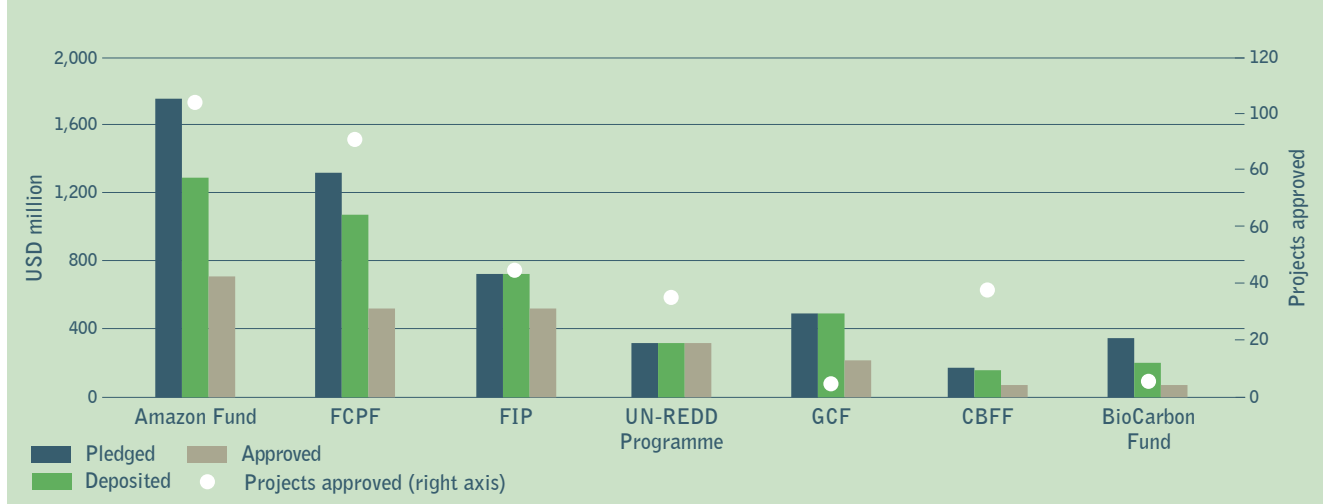


In contrast, the Amazon Fund, considered to be a results-based payment mechanism has approved USD 720 million (Figure 1, Figure 2, Table 1) and the Green Climate Fund (GCF) in 2019 has made its first approvals towards scaling up results-based financing for land use change and forests, alongside benefits for ecosystem services and livelihoods. Though the GCF is not a dedicated REDD+ fund, it announced in 2017 a five-year pilot with USD 500 million for projects with quantifiable and verifiable forest emission reductions.

### 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 56% 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.

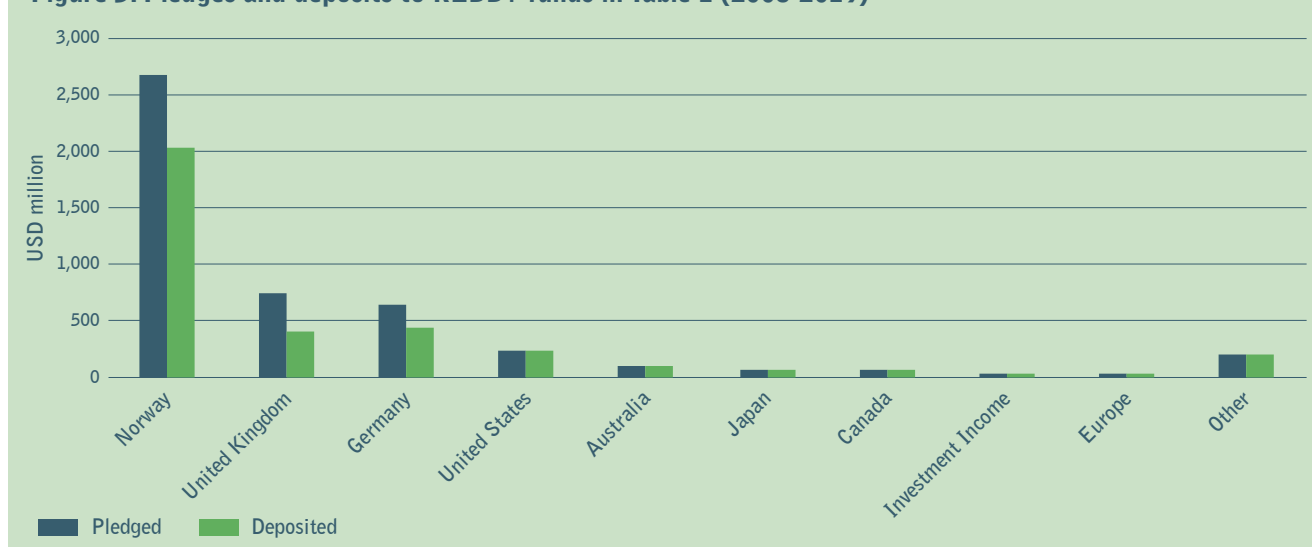
**Figure 2: REDD+ funds and initiatives (2008-2019)**



**Table 1: Climate funds supporting REDD+ (2008-2019, USD millions)**

Fund / Initiative	Pledged	Deposited	Approved	Projects approved
Amazon Fund	1,748.4	1,228.2	720.4	103
Forest Carbon Partnership Facility (FCPF)	1,328.2	1,077.6	527.9	90
Forest Investment Program (FIP)	725.6	725.6	527.9	44
UN-REDD Programme <sup>1</sup>	318.6	317.3	330.9	35
Green Climate Fund (GCF) <sup>2</sup>	500.0	500.0	228.7	4
Congo Basin Forest Fund (CBFF)	186.0	164.7	83.1	37
BioCarbon Fund	355.2	205.5	80.8	5

**Figure 3: Pledges and deposits to REDD+ funds in Table 1 (2008-2019)<sup>3</sup>**



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

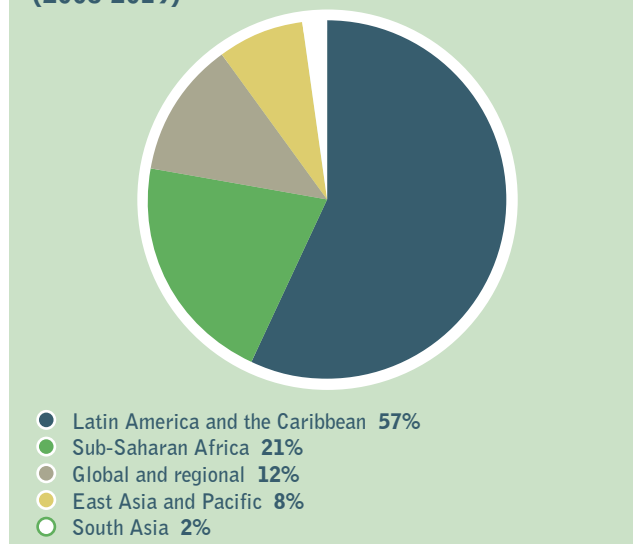
Figure 4 shows 57% of approved multilateral REDD+ funding, or USD 1.4 billion targets Latin America. The Amazon Fund provides support to 103 projects in Brazil and the Amazon biome and accounts for 50% or USD 720 million of this amount. The FIP provides USD 91 million to Brazil, USD 55 million to Peru and USD 66 million to Mexico, while the GCF provides USD 97 million to Brazil, 64 million to Chile, USD 50 million to Paraguay and USD 18.6 million to Ecuador. The next largest recipient region, 21% of multilateral REDD+ funding or USD 514 million has been approved for projects in Sub-Saharan Africa. The biggest recipient of overall dedicated REDD+ finance in the region is the Democratic Republic of Congo (DRC), for which project approvals stand at USD 99 million.

CFU data records 57 countries as recipients of multilateral REDD+ finance, although over a third of the total approved REDD+ finance is concentrated in Brazil (36%). The DRC, Mexico, Ghana and Indonesia all follow as top recipients of REDD+ finance, with over USD 90 million of multilateral funding for REDD+ approved. Although not a dedicated REDD+ fund in 2019, the GCF approved four projects under its REDD+ pilot programme amounting to USD229 million for results based REDD+. All four projects are based in Latin America, with projects receiving grants in Brazil (USD 96.5 million), Ecuador (USD 18.6 million), Chile (USD 63.6 million) and Paraguay (USD 50 million). Among dedicated multilateral

REDD+ funds, in 2019 only the FIP approved new projects, including in Cote d'Ivoire and Guatemala.

In addition, more funds that target both adaptation and mitigation are supporting forestry-relevant projects, however. GEF-7 approved a global project to increase transparency in the forest sector in 2019, for example, while the GCF approved two more projects with a focus on forestry and land-use in 2019 in Laos and Kyrgyzstan.

**Figure 4: Regional distribution of approved multilateral REDD+ finance from major funds (2008-2019)**



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## Endnote

1. The reported approval amount is higher than the reported deposit amount for the UN REDD Programme. 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.
2. The GCF is a multi-foci fund, not a dedicated REDD+ fund. The amount reported in this table does not reflect all pledges for the GCF, but only the amount specifically set-aside for REDD+ results-based payments under the GCF's USD 500 million pilot programme.
3. It is not possible to determine the share of pledges arising from particular countries for the REDD+ spending to the GCF which are excluded here.

The Climate Finance Fundamentals are based on Climate Funds Update data and available in English, French and Spanish at [www.climatefundsupdate.org](http://www.climatefundsupdate.org)

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