

UN-REDD
PROGRAMME



Food and Agriculture
Organization of the
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Report of the Fifth Executive Board Meeting

UN-REDD PROGRAMME FIFTH
EXECUTIVE BOARD MEETING (EB-5)
SESSION 3

16 September 2021

Virtual meeting

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Introduction

1. The United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD Programme) held the third session of its Fifth Executive Board Meeting on September 16th through virtual means (Zoom platform).
2. The meeting was chaired by Mette Wilkie, Director of FAO's Forestry Division. The meeting was attended by 32 participants (see Annex 1). All documents and presentations are available on the UN-REDD Programme [workspace](#).

Opening

3. The Chair provided welcoming remarks highlighting the importance of the UN-REDD partnership, exploring the latest thinking on and discussing potential options of scaling up financing for REDD+ commensurate with the 2030 mitigation goals.
4. The Chair introduced the strategic dialogue as the third and last in a series of three Executive Board sessions over three consecutive weeks (see agenda in Annex 2).
5. The Chair announced that the dialogue aimed to discuss opportunities to catalyse action on both upfront (ex-ante) and results-based (ex-post) finance and to provide guidance to the UN-REDD Programme on potential actions to catalyze large scale funding into forest countries, across all three phases of REDD+.
6. The Chair introduced the distinguished speakers presenting in the first and second part of the session.

Agenda Item 1: Scaling up REDD+ finance

7. Ms. Frances Seymour, Distinguished Senior Fellow of the World Resource Institute, provided opening remarks (see Annex 3) around the current opportunities and challenges facing REDD+ finance, highlighting the substantial amount of private sector resources poised to be invested in nature-based solutions, particularly in the form of credits for forest-based emissions reductions. She noted that such new demand from the private sector could finally help deliver the promise of market-based REDD+ finance at scale. One of the key elements in fostering such a market shift is through credits of higher environmental and social integrity. A further opportunity for REDD+ finance stems from the new science that makes clear that forests affect the climate in ways beyond the global carbon cycle. If protecting and restoring forests means protecting public health, labour productivity, and agricultural productivity within national boundaries, then investment in

forests should also be on the agendas of Ministries of Finance and Planning, and Ministries of Agriculture and Health. Some of the main challenges identified for such a successful roll-out were then briefly presented. According to the presenter, the voluntary carbon market will be supportive of climate goals only if the voluntary carbon market will be supportive of climate goals only if the purchase of forest carbon credits is complementary, and not a substitute, for companies reducing their own emissions on a Paris-aligned trajectory. Other challenges have to do with mobilizing upfront finance to complement performance-based finance. She referred to UN-REDD as uniquely qualified and positioned to provide independent advice and technical assistance to jurisdictions seeking to access appropriate climate finance. Further, she pointed to UN-REDD's important role in supporting indigenous peoples and local communities (IPLCs) within REDD+ jurisdictions, through independent advice and technical support to help IPLCs better advocate for their interests and ways to pursue them. Finally, she reiterated the significant role of UN-REDD in this particular moment where 'stars seem to be aligning' to unleash significant new financial resources for forest protection and restoration.

8. The Senior Climate Advisor to the Vice-President of the Democratic Republic of the Congo (DRC) shared his perspective on the urgent need to upscale investments for halting deforestation. As an initial remark, the presenter congratulated the UN-REDD Programme for its contribution to DRC's progress and achievements on REDD+ since it started a UN-REDD National Programme back in 2009. From his point of view, the study conducted with UN-REDD support to identify the drivers of deforestation was crucial to understanding the dynamics of forest loss in the country and its main drivers: he highlighted the use of wood fuel for energy, and deforestation to give space for smallholder agriculture. According to the Senior Climate Advisor, to halt the loss of forests, financing is not only needed for the forestry sector but also across other sectors, such as energy, and combating rural poverty. DRC has an enormous potential to produce energy, yet 89% of the country's population currently has no access to energy and depends on forests for fuelwood. Finally, the presenter stressed the importance of ex-ante finance to achieve faster results, considering the tight timeframe for action which calls for a paradigm shift in terms of finance. He insisted that the climate emergency cannot afford to mobilise finance only for results, but requires urgent and prompt investments upfront to deal with drivers of deforestation such as rural poverty and to enhance agricultural practices.
9. The Senior Advisor at Forest Trends provided an overview on scaling up ex-ante and ex-post REDD+ finance, highlighting the opportunities and challenges. He noted that supporting forest countries' efforts to end deforestation requires international co-funding amounting to tens of billions of US dollars, and it is likely that support at this level will be predominantly results-based.

Noting that a results-based approach does not preclude mechanisms to reward early progress and build capacity in forest countries, he emphasized that the great potential for REDD+ to achieve scale may also be its main weakness since unlocking this potential requires very large scale REDD+ funding commitments. The optimal way to overcome challenges related to upfront capital expenditure requirements would be to develop a strong and predictable ex-post demand signal at a sufficiently high volume and price. At the same time, mechanisms for supporting upfront finance include increasing donor support for phase 1 and 2 of REDD+, linking jurisdictional REDD+ purchase agreements with the provision of additional financing facilities, among others. Further, he highlighted the current opportunity to leverage vastly more private co-funding for REDD+ than has been the case historically, as corporate focus on transitioning to net-zero carbon is moving very rapidly under pressure from policy, financial regulators, investors, consumers, and market forces. Further, he stressed that demand signals for jurisdictional REDD+ credits need to grow rapidly to a volume and price sufficient to give forest countries the confidence to drive upfront investment through public budgets and domestic real economy signals. Finally, the Senior Advisor raised that while building this demand signal through the Green Climate Fund (GCF) and initiatives such as the [Lowering Emissions by Accelerating Forest finance \(LEAF\) Coalition](#), a broader range of donor governments should provide additional REDD+ readiness and implementation funding.

10. The Ecosystems Management Senior Specialist at the Green Climate Fund (GCF) provided an overview of the GCF strategic direction for scaled-up financing for REDD+. She set the stage by sharing some remarks on where the GCF currently stands in terms of REDD+, highlighting its large portfolio that includes Readiness activities and projects supporting different REDD+ phases: from phase 1 (readiness) to phase 3 (results-based payments - RBPs). As for RBP financing, she recalled that the GCF Board has already approved eight projects, covering all the funds that were allocated for the pilot programme (USD 500 million), whose window was set to run until 2022. Some proposals could not be considered due to the exhaustion of funding. As for what can be expected next from GCF in terms of REDD+, the Senior Specialist informed that an extension of the pilot programme to late 2022 is under consideration, and that negotiations are underway for a second phase of the REDD+ RBP programme, to be decided by their Board. In this regard, she noted that the GCF has shared draft terms of reference for this new phase with strategic stakeholders. Key points for further discussion identified included geographical balance and equity, environmental integrity considerations, and linkages with NDC, among others.
11. The Chair thanked the distinguished speakers for their presentations and invited questions and feedback.

Feedback from the Board

12. The civil society representative to the UN-REDD Board raised a question on how to ensure that funding reaches IPLCs territories. Speakers acknowledged the crucial importance for IPLCs to be informed and to be part of such processes, pointing at Free, Prior and Informed Consent (FPIC) and benefit sharing mechanisms as critical building blocks to successfully rolling out jurisdictional-level REDD+ and ensure that new financial resources adequately address the immediate needs and rights of local communities. The Secretariat reinforced the importance of getting the right people around the table, and recalled UN-REDD's convening power which can help in facilitating a process of advocacy, dialogue, and consensus-building that, if successful, would close more than half of the annual gap in the Paris Agreement pledge.
13. The Chair thanked speakers and the Board for their insightful contributions and suggested that the UN-REDD Programme could consider to organise a separate webinar on emerging financing avenues, such as the LEAF Coalition, to allow a more in-depth conversation on this topic.

Agenda Item 2. Scaling up finance: how could UN-REDD help?

14. The Chair opened the session noting that the objective was to discuss what the UN-REDD Programme can do to support scaled-up financing, helping countries assess and access different financing options. She indicated that the various possible avenues of strengthened engagement on financing will need to build on UN-REDD's global reach, its access to 'sellers' and private sector 'buyers' and other providers of results-based payments, but also its engagement with a wide spectrum of in-country stakeholders, from national governments to indigenous peoples and local communities.
15. The Head of Technical Operations at Permian Global discussed the challenges and opportunities of reaching consensus on some of the perceived barriers to scaling up REDD+ finance. He shared ideas on why and how countries should be considering diversifying sources of REDD+ RBP finance, once the pursuit for compliance with different standards requirements is feasible and can co-exist. In this context, he mentioned that countries could be simultaneously considering opportunities, both from non-market approaches, such as GCF, as from market approaches, such as the voluntary carbon markets, underlining that to some extent existing market standards align well with the requirements of the UNFCCC. An implementation model for the diversified RBP schemes was presented, which pointed to the need not to centralize transactions at government level beyond a centralized registry of emissions, and to encourage a space for private sector actors. He concluded by highlighting the importance of the UN-REDD Programme, noting its unique ability to articulate

all the elements needed to diversify REDD+ finance, and its capacity to involve a wide range of actors, from governments to the private sector, including consumers and service providers, among others, thus broadening the possibilities of jurisdictions in taking advantage of multiple instruments and existing funding.

16. The civil society representative to the UN-REDD Board shared key perspectives and reflections around the rights of indigenous peoples and local communities within climate finance. To this end, he presented an analysis of the LEAF initiative and its ART-TREES standard from an IPCL perspective. While he mentioned being very enthusiastic about the launch of the initiative, some concerns were raised related to the initiative's failure to explicitly recognize the rights of IPLCs and to mention a benefit-sharing scheme. He also expressed his concern that by only receiving proposals from national and sub-national governments, there is no guarantee that IPLCs will be considered in the development of the proposals. In his view, there is a high risk of rights violations in countries where IPLCs' rights are not fully recognized. Finally, he shared an initiative towards the development of a proposal for a definition of the term "local communities", as to date it has not been clearly defined.

Feedback from the Board

17. The representative from Ghana reflected on aspects of financing that should be improved, and the role that UN-REDD could play in this regard. She first reflected on the security of finance, stressing on one hand the need to reassure IPLCs, and on the other hand calling for UN-REDD to assess best ways to support countries on the issue of security of finance. Secondly, she reflected on the speed of finance, pointing out the excessive bureaucracy in accessing international resources, and the importance of the right mix of private and public upfront funding due to the lengthy processes involved towards RBP. She concluded by highlighting the importance of rewarding countries' efforts through incentive mechanisms, beyond results-based payments.
18. The representative from Norway recalled the importance of IPLCs' involvement in the various funding mechanisms, including LEAF, commenting that while at the current, early stage of evaluating LEAF proposals it is difficult to assess how proponents will involve IPLCs, environmental and social integrity is a very important criterion by which proposals will be evaluated in due course.
19. The representative from Chile provided an overview of the current context of the forestry sector in the country, highlighting that it is comprised of a varied landscape of initiatives that incorporate the value of carbon. She noted the development of forestry projects through offsetting in an internal market will be an important measure, as different spheres of the private sector are increasingly turning their efforts towards the development of carbon projects. She mentioned that, although

REDD+ finance initiatives and spaces exists, countries like Chile feel insufficiently equipped to engage, for example they did not submit a LEAF proposal because of the many requirements and methodological challenges. Chile has many local projects and is advancing new national legislation to promote a domestic forest-carbon market (linked to a green tax), and they are also working on nesting methodologies. She suggested UN-REDD has the expertise to help countries with all these processes and to find integrative approaches, which can cater for domestic and international markets, and other financing windows.

20. The representative from Switzerland stated that it is one of the most exciting times to join the UN-REDD Programme, highlighting the special juncture of the carbon markets and the role the Programme can play in supporting such processes. He concluded his intervention stressing the importance of a supply signal of involvement, integrity and sustainability, recalling the urgent need to include communities in this movement.
21. The Chair suggested that, as a follow up, UN-REDD could help organise knowledge events such as webinars to assist stakeholders, including countries and IPLCs, assess emerging trends in climate finance, the ways to harness them, and the means to ensure there are socially inclusive.

Closing

22. The Chair closed the virtual EB meeting, thanking the Board members and all attendees for the valuable inputs, which will be captured in the meeting report and used to further shape the thinking and acting on the future of the Programme.

Annex 1: List of Participants

		Name / Title	Country/Agency or Constituency	EB Designation
1	Ms.	Gabriela Soto Nilo Coordinadora del Programa Nacional ONU-REDD Coordinadora del Departamento de Cambio Climático y Servicios Ambientales	Chile	Alternate LAC
2	Ms.	Constanza Troppa Tapia Jefa Unidad de Implementación y Formulación de Políticas Públicas, Gerencia de Bosques y Cambio Climático, CONAFOR	Chile	Alternate LAC
3	Ms.	Yaisa Lorena Bejarano Oficina de Asuntos Internacionales Conmutador MINAM	Colombia	Member LAC
4	Ms.	Roselyn Fosuah Adjei Director, Climate Change National REDD+ Focal Point Forestry Commission	Ghana	Alternate Africa
5	Ms.	Lovakanto Ravelomanana Coordonnateur du Bureau National des Changements Climatiques et de la REDD+ (BNCCREDD+)	Madagascar	Member Africa
6	Mr.	Rijatahiana Haingomanantsoa Chef de Service de Développement de la Stratégie REDD+	Madagascar	Member Africa
7	Ms.	Laksmi Dhewanthi Director General of Climate Change Control Ministry of Environment and Forestry	Indonesia	Alternate AP
8	Mr.	Yajnamurti Khanal Joint Secretary and Chief Forest Management Ministry of Forests and Environment	Nepal	Member AP
9	Mr.	Shankar Adhikari (Alternate)	Nepal	Member AP
10	Mr.	Leif John Fosse Senior Adviser, Norwegian International Climate and Forest Initiative (NICFI)	Norway	Member
11	Mr.	Keith Anderson Forest and Climate Policy Advisor, Federal Office for the Environment FOEN, Forest Division	Switzerland	Member
12	Mr.	Takayuki Ishikawa Assistant Director for REDD+, International Forestry Cooperation Office, Forestry Agency	Japan	Member
13	Mr.	Gustavo Sanchez Valle President of Directive Council Red Mexicana de Organizaciones Campesinas Forestales (Red MOCAF)	Civil Society Organization (CSO) /Local Communities (LC)	Permanent Observer
14	Mr.	David Ganz Executive Director The Center for People and Forests (RECOFTC)	Civil Society Organization (CSO)	Alternate Observer

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15	Ms.	Dolores 'Lola' Cabnal Red de mujeres indígenas sobre Biodiversidad de América Latina y El Caribe (RMIB-LAC) Área de Incidencia, Asociación Ak'Tenamit	Indigenous Peoples Organization	Permanent Observer
16	Ms.	Mette Wilkie Director of Forestry, Food and Agriculture Organization of the United Nations	FAO (Chair)	Member
17	Ms.	Astrid Agostini Coordinator of the REDD+/National Forest Monitoring Cluster	FAO	Member
18	Mr.	José Carlos Fernandez	FAO	Member
19	Ms.	Till Neeff	FAO	(Observer)
20	Mr.	Josep Garí Senior Policy Advisor	UNDP	Alternate
21	Mr.	Gabriel Labbate Regional Coordinator for LAC Head (a.i.) Climate Mitigation Unit	UNEP	Alternate
22	Mr.	Steven Swan Programme Management Officer	UNEP	Alternate
23	Mr.	Felipe Guntin	UNEP	(Observer)
24	Mr.	Mario Boccucci Head, UN-REDD Secretariat	UN-REDD Secretariat	Secretariat
25	Ms.	Mihaela Secrieru Programme Management Officer	UN-REDD Secretariat	Secretariat
26	Ms.	Frances Lim Programme Associate	UN-REDD Secretariat	Secretariat

Speakers/Resource persons/Observer:

		Name	Title / Designation
27	Ms.	Frances Seymour	Senior Fellow, World Resources Institute
28	Dr.	Joe Malassi	Senior Climate Advisor to the Vice President, Democratic Rep of Congo
29	Mr.	Rupert Edwards	Senior Advisor, Forest Trends
30	Ms.	Veronica Galmez	Senior Specialist for Ecosystems Management, Green Climate Fund
31	Mr.	Juan Chang	Head of Technical Operations, Permian Global
32	Ms.	Justine de Boisfleury	Policy Advisor, Ministry for Europe and Foreign Affairs, France (Observer)

Annex 2: Agenda

30 mins	Logging in
5 mins	Start of meeting: Welcome and introduction from the Chair of the Board
<u>Part 1</u>	<u>Scaling up REDD+ finance</u>
10 mins	Opening remarks by Frances Seymour, Distinguished Senior Fellow, WRI
7 mins	REDD+ finance: a perspective from the field – Joe Malassi, Senior Climate Advisor, DRC
7 mins	Scaling up ex-ante and ex-post REDD+ finance - Rupert Edwards, Senior Advisor at Forest Trends
7 mins	The GCF and REDD+ finance: what can we expect? - Veronica Galmez, Senior Specialist for Ecosystems Management, Green Climate Fund
25 mins	Q&A
5 mins	Close of discussion
<u>Part 2</u>	<u>Scaling up finance: how could UN-REDD help?</u>
10 mins	Reaching consensus: challenges and opportunities – Juan Chang, Head of Technical Operations at Permian Global
7 mins	A perspective from civil society – Gustavo Sanchez, Civil Society & Local Communities representative at the UN-REDD Executive Board
25 mins	Brainstorming and discussion
5 mins	Summary and concluding remarks from the Chair

Annex 3: Opening remarks by Frances Seymour, Senior Fellow, World Resources Institute

Thanks for inviting me to help frame the topic for today's discussion.

I realize it's not very creative, but I'll structure my remarks around opportunities and challenges facing REDD+ finance right now.

Opportunities

Let me highlight two. First: It's not a news flash to anyone in this virtual room, but there is a huge amount of private sector money poised to invest in credits for forest-based emissions reductions and removals.

For various reasons, companies from the largest big brands to smaller enterprises are eager to demonstrate climate action, and one way for them to do that is to [finance climate action beyond their value chains](#).

And for many, the investment of choice is to finance what we're now calling "nature-based solutions".

The billion-dollar commitment from the LEAF Coalition announced at President Biden's Climate Leaders Summit in April is just one manifestation of this broader interest.

My own professional life has been hijacked by the need to participate in the TSVCM, the VCMi, SBTi, and many other ingredients in the alphabet soup of initiatives that are racing to establish a framework to ensure the integrity of the voluntary carbon market.

I also spend a lot of time responding to the many requests for advice from individual corporate buyers regarding what kinds of credits they should purchase.

If we get this right, this new private sector demand could finally help us realize the promise of REDD+ market-based finance at scale, which remains a great idea that's never been tried.

One element of "getting it right" is pushing the market toward credits of the highest environmental and social integrity.

As you know, project-scale credits have been subject to a series of media exposes and journal articles that highlight inflated baselines and other problems.

In my individual capacity, I serve as the Chair of the Board of the Architecture for REDD+ Transactions, which manages the TREES standard, so I'm hardly unbiased regarding what I think a high-quality carbon credit looks like.

But whatever it is, this market will evaporate if serious corporate buyers lose confidence in the social or environmental integrity of the credits being offered for sale.

The second opportunity for REDD+ finance stems from the new science that makes clear that forests affect the climate in ways other than through the global carbon cycle.

In recent months, there's been a steady drumbeat of reports and journal articles showing how deforestation can lead to increases in local temperature extremes sufficient to endanger human health and labor productivity.

Deforestation can also lead to changes in rainfall patterns sufficient to dramatically impact agricultural productivity in major exporting countries such as Brazil.

The implication of this new science is that the walls we've constructed between sources of investment in domestic development objectives served by forests and finance of global public goods such as climate and biodiversity protection are crumbling.

If protecting and restoring forests means protecting public health, labor productivity, and agricultural productivity within national boundaries, then investment in forests should be on the agendas of Ministries of Finance and Planning, and Ministries of Agriculture and Health.

Forest protection need no longer be exclusively financed by international grants sought by Ministries of Environment.

Challenges

Now for the challenges. I'll highlight just a few.

The first one is beyond the scope of our discussions here but needs to be mentioned in this context.

The entire voluntary carbon market will crash and burn if it is perceived as corporate greenwash that doesn't really advance our progress toward Paris goals.

It needs to be crystal clear that any purchase of forest carbon credits is additional to, rather than a substitute for, companies abating their own emissions on a Paris-aligned trajectory.

I won't say more about that, but of course it's critical for the political legitimacy for the entire enterprise.

The other challenges have to do with mobilizing up-front finance to complement this potential tidal wave of performance-based finance.

I find it a bit ironic to be elaborating these challenges, because one of the main themes of my book five years ago – [Why Forests? Why Now?](#) – was that the failure of 30 years of forest finance to make a dent in deforestation was in part due to the imbalance between financing inputs versus financing outcomes through results-based payments.

But here we are, and the prospective availability of large-scale outcome-based finance has highlighted shortages of input-based finance.

The fact is, although we've made enormous strides in dozens of REDD+ countries in building "REDD readiness", even in the most mature countries and subnational jurisdictions, there's still a need for "last mile" advice and technical assistance to support them in achieving "market readiness".

Right now, there are a lot of international agencies, civil society organizations, and for-profit service providers positioning themselves to fill these needs.

But their technical capacity, relationships in-country, and freedom from conflict-of-interest is highly variable.

I see UN-REDD as uniquely qualified and positioned to provide this independent advice and technical assistance to jurisdictions seeking to access finance from the voluntary carbon market.

With its track record and legitimacy in REDD+ countries, its ability to draw on technical expertise from across its constituent UN agencies, and its ability to serve as an honest broker among various stakeholder groups, I can't imagine why the international community wouldn't increase public support to UN-REDD to fulfill this role.

A related challenge is the need to provide similar independent advice and technical support to indigenous and local communities within REDD+ jurisdictions to help THEM figure out what their interests are and how they should be pursued – Not least, to help them fend off a new generation of carbon cowboys.

I think UN-REDD has a role to play here as well, but perhaps as part of a broader consortium of organizations that have relationships with these communities in each country.

I'm actively promoting private philanthropic investment to finance some of this needed effort.

The final challenge is incentivizing public and private investment in those activities that go beyond advice and technical assistance. We used to call this Phase 2 REDD+ finance.

We need real capital investment in activities such as forest and peatland restoration, for which there may not be a commercial return without a price on carbon or other policy and regulatory measures to create such a return.

Done right [jurisdictional-scale performance-based REDD+ finance](#) can be structured to provide a return to project-scale investments.

But we've got a lot of work to do to help countries and prospective investors negotiate nesting arrangements that work for both parties and that set the incentives right.

In addition, the recognition of the non-carbon values of forests in providing services related to local climate stability can help liberate investment in green infrastructure and incentivize forest protection by the private sector.

Companies are beginning to understand that being associated deforestation is not only a reputational risk, but that deforestation poses physical risks to their supply chains.

As investors and insurance companies are increasingly able to quantify these risks, preferential access to finance should shift to those jurisdictions and companies doing a better job of managing them.

In short, we're at a moment when the stars could align to unleash significant new financial resources for forest protection and restoration.

But there's a lot to do to connect the dots across scales, across sectors, and across stakeholder groups to make that happen.

And I definitely see UN-REDD as a big part of the solution.

Thank you.