

Role of Non-governmental Organizations in REDD+ Finance: Advocates, Partners and Critics
Peter Graham (WWF International)

First of all, I have to say following Maria Jose, even after a long plane ride, is a very difficult thing to do. She has actually covered probably half of my presentation already. I have greatly appreciated the morning's presentations. I think we are getting closer to hearing similar messages and hopefully some ideas or solutions over the course of the day. I look forward to further discussions.

For my presentation, I was informed, not being very familiar with Japanese culture, that the role of NGOs in Japan is not necessarily the same as NGOs in many other countries. Therefore, there was an interest in providing a bit more background in how non-governmental organizations play in the world of REDD+ and how that links to REDD+ finance. I am going to begin my presentation by providing that background, setting the scene as it were for how NGOs are involved in REDD+, provide some observations from my experience with the Canadian government and through chairing the negotiations. Then I will move into some practical examples of how NGOs are engaged right now at various levels of REDD+ including issues related to either access to finance or delivery of REDD financing. Then, as I appreciated the concept note, I have picked a few questions that I will try and provide a few answers or suggest the answers to from the concept note for this seminar. At the end, I will build on some background on the current financing landscape I might posit some questions about what the future of REDD+ finance could look like.

1. Role of NGOs in REDD+ Finance



Role of NGOs in REDD+ Finance	
Key Institutions	Role of NGOs
<input type="checkbox"/> Donor Governments	<input type="checkbox"/> Research (science & policy)
<input type="checkbox"/> REDD+ Governments	<input type="checkbox"/> Advocate and advise
<input type="checkbox"/> Private Sector	<input type="checkbox"/> Implement projects and programmes
<input type="checkbox"/> Multilateral Development Banks	<input type="checkbox"/> Monitor and evaluate
<input type="checkbox"/> UNFCCC	<input type="checkbox"/> Safeguard social and environmental values
<input type="checkbox"/> GEF and GCF	

There are a number of different institutions involved in financing REDD+. There is a range of roles that the NGOs can play with each of these different institutions. Governments include, of course, both donor governments and developing country governments in the context of REDD+ and at different scales at least in developing countries, both national to provincial or state level governments. The private sector is a very complex set of actors or entities within that simple label of 'private sector'. Then, multilateral development banks, well you have heard from a few already this morning, and the UNFCCC, the United Nations Framework Convention on Climate Change. The role of this institution, of course as many of you know, is involved in setting the policy framework and guidelines for how to achieve REDD+ and then also linking to its financial mechanisms, which include the global environment facility and the Green Climate Fund.

There is also a whole range of types of NGOs. There are those who are local community level NGOs who work on just local community projects, all the way up to international NGOs that play in the big games of international policy like UNFCCC or in influencing international institutions like the GEF or the GCF. Then there are different NGOs with different mandates or different goals. Some focus specifically on biodiversity or wildlife or livelihoods or gender issues, for example. It is a very big mix, but we find in the world of REDD+ that this large range of NGOs, different interests and types of activities, all have a role to play or are playing a role in development and implementation of actions and monitoring.

What are the modes in which the NGOs work? Well, the first foundational one is around research - both in science and policy. The value of NGOs from my earlier experience is that this is a role they can play in bringing this research from the field level onto the policy table to influence decisions at a much higher level, in either national or international policy. NGOs often also have a role to play in advocating or advising governments or institutions, especially advocating for greater commitments on climate change. Also, in their advisory roles, you will find that around international negotiations, for example, you have NGOs who follow individual country delegations providing advice on what that country should do in terms of its position on certain issues, including on REDD+.

Another role is actually in implementing projects and programs. In many cases, developing countries and donor countries do not necessarily have the capacity to implement the projects on their own. When the mandates and the interests of the countries and the NGO institution align, then this can lead to effective partnerships.

The monitoring and evaluation role: this is the NGO role as critic. In many cases, NGOs have formed because there was an issue that was not being addressed by governments or other institutions. In the case of REDD+, concerns were raised in terms of monitoring the effect of actions, in terms of development practices or industrial practices and bringing those concerns, along with fundamental research underneath it, to the policy table to effect change. In the context of REDD+, they can play a more definitive role in monitoring and evaluating, and linking to social and environmental safeguards within the country at various levels. Certainly the most vocal aspect of NGO involvement in the international negotiations has been around the social and environmental safeguards. However, they do play a much broader role.

2. Government Perspective



Government perspective

- Advocacy and advice in UNFCCC negotiations
 - Bringing research and experience to the international policy table
- Active 'observers' in operation of Forest Carbon Partnership Facility, and UN-REDD Programme, and Forest Investment Programme
 - Representing civil society interests
- Partners in program implementation, monitoring and evaluation
 - Addressing capacity constraints of donor and REDD+ countries
- Raising awareness and promoting social and environmental safeguards

From my experience with the Canadian government, I found that the NGOs often played a very important role in pushing countries whose positions were perhaps not as helpful in regards to REDD+. Now, the NGO community at one time was not necessarily, or still is not, of one mind on the REDD+, especially around offsets and markets. However, when those that had clear links to actions and implementation on the ground brought those experiences to the policy table in the UN, it proved to be very valuable. They had an ability to influence governments and the negotiators before the meetings and during the sessions in order to help achieve effective outcomes.

I also observed in some cases where we talked a lot about capacity problems that there were actually capacity problems in the ability of countries to represent their national interest in international negotiations. At times, NGOs are brought onto country delegations to advise or even, in some cases, negotiate on behalf of the country. Somewhat a rare situation, but particularly in delegations from developing countries that have very limited resources, and potentially limited scope of coverage. NGOs who have an interest in land sector played a valuable role in those circumstances, on those delegations.

I spoke a little about partnering in program implementation and monitoring and evaluation. This is about addressing constraints in the capacity of the countries to implement the necessary processes and set up the necessary institutions to achieve the goals of REDD+.

Overall, I found that NGOs have been effectively assisting governments in establishing these necessary elements for accessing REDD+ finance, including the social license to implement transformational change. This was one of the key problems encountered early on. Those of you who remember the protests in Bali about 'No REDD', that indicated that there was not comfort, not a social license for countries to start implementing REDD+ strategies in these countries. Therefore, NGOs have played a valuable role since then in improving the quality of information, explaining what REDD+ means, what its potential is in terms of providing greater livelihood benefits to local communities, and also to addressing their concerns around governance and safeguards.

3. NGOs and the Private Sector in REDD+ Finance



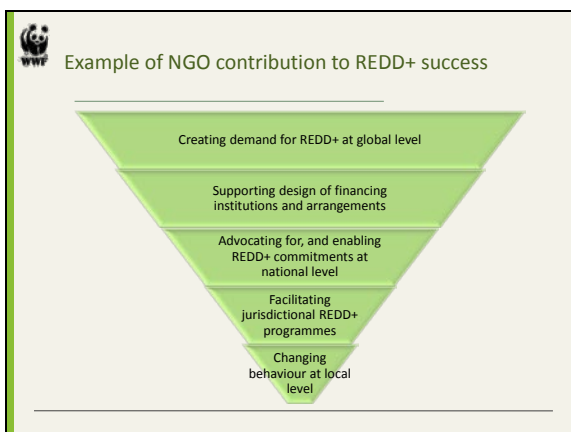
Now, how NGOs work with the private sector is a little less straightforward. Partly, the type of private sector entity is going to be quite varied from companies to multinational corporations, and we find that the usual picture of NGO company involvement is about campaigns against certain products or against certain

practices. However, it goes a fair bit beyond that. NGOs are partnering, similar to with governments, where interests align in the development and implementation of solutions.

For example, the New York Declaration on Forests¹ that was announced back in June last year was a critical step in consolidating private sector commitment to achieve goals of REDD+. Now, they look at that from the point of view of deforestation-free commodities or supply chains or from the finance sector, deforestation-free investments, but those objectives should be fully in line with achieving objectives of REDD+ for a country and globally. The NGO community also had signatories to the New York Declaration. And some NGOs played a role in creating momentum and gathering support for companies to make those commitments.

Offsetting emissions: not all NGOs have a common view on this, but in general there have been further developments in establishing standards for social and environmental performance of offsetting mechanisms like, for example, the Voluntary Carbon Standard² (VCS). Also, NGOs in countries, especially, have been involved in developing projects, starting with afforestation/reforestation projects. There are further examples of NGO involvement in developing larger scale REDD projects and programs, and related standards.

Finally, in working with the private sector to test new funding or financing models, there has been a long history in the environmental NGO community of looking for new and innovative ways to attract and sustain investment in forest conservation in a range of things from land swaps to being involved in coordinating debt relief. There is an example where WWF, with others, put together this Amazon Regional Protected Areas financing arrangement that essentially builds up a capital fund to support the maintenance of protected areas in perpetuity. Various other research or trials of different financing mechanisms have been developed, which NGOs have been involved with for a number of years and we continue to be involved in that manner.



I would like to provide a few examples of where we are going here and what we are working at. Elly brought this up earlier in her presentation from the World Bank's perspective, but starting at the bottom

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<http://www.un.org/climatechange/summit/wp-content/uploads/sites/2/2014/09/FORESTS-New-York-Declaration-on-Forests.pdf>

2 <http://www.v-c-s.org/>

of this inverse pyramid, working at the local level to change behavior, there is a long history of working in development projects in the agriculture and forest sectors to improve crop productivity, address fertilizer use, etc.; all these things that would protect or limit the encroachment of agriculture on forests, for example.

Moving up from those projects, there are also social and governance projects at the local level which help to build capacity necessary to understand and implement REDD+ activities or change activities at the local level.


Moving up to the jurisdictional level, which, as you heard earlier, seems to be an appropriate scale at which to implement REDD+ projects where the change is necessary to achieve REDD+ objectives, a number of NGOs are involved in implementing jurisdictional REDD programs (at least that is the label that they put on them) in concert with some of the multilateral development fund programs such as the Carbon Fund and the emission reductions programs that countries are putting forward; for example WWF in Mai-Ndombe in Democratic Republic of Congo, in the Madre de Dios area of Peru and others.

Moving up further, at the national level this is where NGOs work to encourage countries to advance and increase their commitments; whether it is a donor country to increase their commitment to support, to finance in various ways or to commit to increase in finance and to encourage developing countries (REDD countries) to commit to REDD+ targets or green development targets that involve the land sector. For example, in Lima (December 2014) there was the Lima Challenge from a number of Latin American countries promising that they would enhance their efforts to reduce deforestation if the international support was clear. This was not part of the formal negotiations but it did indicate a useful increase in demand for REDD+ finance.

Then moving up working with the financing institutions and arrangements, depending on the charter of the various multilateral funds, NGOs usually have seats as observers in developing and operating those funds. For example, WWF has the seat on the Forest Carbon Partnership Facility Participants Committee as an observer representing northern civil society organizations.

At the top level we are working to create demand for REDD+ at the global level. This requires involvement in the international negotiations and working towards Paris to create a decision that has a clear linkage to REDD+ in order to make that demand as clear as possible at that level.

4. Concluding Points for Discussions



Concluding points for discussions

1. How can we mobilize a wide range of finance sources for REDD+?
 - Provide evidence that the REDD+ concept works
2. How can we enhance the effective use of wide range of finance for REDD+?
 - Capacity to implement REDD+
3. Further, how can we effectively use these funds to address drivers of deforestation and forest degradation in developing countries?
 - Various ways, depending on type of driver and scope of necessary intervention.
4. What are the challenges of funders and recipients in enhancing forest conservation and sustainable forest management?
 - Power of global market forces; weak governance; limited capacity

I picked out three questions, and I just identified one simple way of answering the top line answer to these three questions. How can we mobilize a wide range of finance sources for REDD+? Provide evidence that REDD+ actually works and prove that the concept of REDD+ works. Maria Jose mentioned that we should not be rushing into this. We need to expect that things take longer, and that is true. However, there is a need to maintain the political will both in donor countries and within the REDD countries. We are at a stage where, if we do not start to see measurable impact from REDD+ activities, we could start to lose that political will. Now, of course, the Paris Agreement, if it is formed nicely, will help deal with that.

How can we enhance the effective use of wide range of finance for REDD+? Others have spoken about this, about the capacity issue. If we can get things happening on the ground more quickly, then that finance will start to flow and start to be used more broadly, more effectively, and hopefully lead to results which will then spur further investment.

Key challenges: funders and recipients enhancing conservation. One, it was brought up in Elly Baroudy's slide about the power of the global market forces. If you looked at the investments in cocoa sector, the value of the cocoa sector to the Ghanaian economy, you are not going to come up with enough carbon finance to offset that value. That should not be thought of as the goal. It is about change in behavior. People rely on the cocoa. I love chocolate. I am not going to stop buying it. Therefore, it is just about how to get these things working in a way that avoids deforestation, it's about accessing or finding ways to access market forces to shift investment away from deforestation activities into sustainable green development. Other issues are, of course, weak governance and limited capacity.

5. REDD+ Finance: Past, Present and Future

WWF REDD+ Finance: Past, Present and Future

The Future? (beyond 2020)

- ❖ Public finance
 - Continued pledges and contributions
 - More focus on demonstration of results
 - Bilateral arrangements
 - Multilateral funds; including **Green Climate Fund**
- ❖ Private sector participation
 - Voluntary markets
 - BioCarbon Fund?
 - Deforestation-free commodity supply chains
 - Indirectly - **Green Climate Fund**
- ❖ Results-based REDD+ payment schemes
 - Voluntary markets
 - Bilateral arrangements
 - BioCarbon Fund?
 - **Green Climate Fund**

Thank you

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This last slide builds off of Dr. Takamura's presentation this morning in providing a background of the REDD+ finance landscape and where we have come from, from starting off with only public finance, bilateral arrangements, regular aid to few multilateral funds, and the UN organizations. Before we had CDM projects which only included afforestation and then started to grow a little bit more. However, we had the financial crisis, as well as the Kyoto Protocol finishing in a lot of uncertainty around those markets, and so the CDM market has dropped a fair bit in value.

I just wanted to put this in there to provide a sense of where I think things might go. In public finance, there are going to be continuing bilateral investments through regular aid channels. That will, and

should, continue to support readiness activities, capacity building. That is where public finance is necessary because there is very little business case in readiness.

Multilateral funds, now including the Green Climate Fund, are obviously going to continue. There might be some consolidation. The Carbon Fund is limited; it is supposed to expire in 2020, as are the Climate Investment Funds. However, in private sector participation, we have seen further development and starting to see this alignment, especially in the last two points on here about deforestation-free commodity supply chains and investments. How do we harness those to achieve countries' REDD+ strategies? If the soy or cocoa sector is a key driver of deforestation or degradation in a country, how do we access this new move on the deforestation-free commodity front to link that to REDD+ and link that to REDD+ finance to support this move?

The third box there is on results-based payment schemes. If we look back in time, the Carbon Fund was the first fund that started off where results-based financing of projects for CDM left off. Moving forward, we are starting to see a few more examples of results-based payment schemes. Voluntary markets could include possible regulated carbon markets that could be regional, which was raised earlier, and then multilateral public private such as the Green Climate Fund. The GCF will have a results based payment scheme as Tao described.

I see the complex financing landscape that we have now is likely to continue to be complex, and necessarily so. There may be a reduction in investment in certain areas, maybe in some of the multilateral funds because the Green Climate Fund will cover most. There are a lot of expectations there. We will see how that plays out. For me, one of the key interesting opportunities now is connecting this commodity supply chain and green investment work to REDD+ and how to do that to influence action on the ground and financial support for change in behavior.

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