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REDD+ FINANCE MECHANISM AND ITS OPTIMUM USE

WRAP-UP

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DAY 1 Session 1: Financial mechanisms to address climate change

- Global financial regime for climate change includes UNFCCC and the Kyoto Protocol, and various other funds provided by the World Bank, UN agencies, bilateral donors and others.
- In Lima, more than 10 billion USD was pledged to the Green Climate Fund. Japan is a major contributor.
- Important challenges that now to be faced for financing up to and beyond 2020 include 1. how to mobilise private sector financing, 2. how to utilise market mechanisms, 3. how to disburse funds, 4. what the priority areas for funding are, and 5. what is the process to decide these priorities.

Session 2 : Multilateral & bilateral finance for REDD+

- REDD+ readiness and implementation is not a linear processes; rather it is cyclical. A dynamic financing mix to reflect overlaps between REDD+ phases and development of strategies is needed.
- A large amount and diversity of funding will be required to change the trajectory of countries on the forest transition curve. This cannot just be achieved through REDD+ financing. REDD+ needs to leverage other types of public and private finance, which is oftentimes much larger than climate finance
- REDD+ is one of the 4 strategic impact areas that the GCF has adopted for mitigation. The relevance of REDD+ to the strategic adaptation impact areas and other “co-benefits” is also recognised.

Session 3 : Role of business & civil society

- Bridging the current split between fund-based REDD+ and voluntary market-based REDD is a key challenge. Projects and subnational activities need to be nested in a national strategy and framework. Japan's JCM could potentially play a role in this bridging.
- Innovative ways to engage the private sector are required. The current REDD+ business model is not attractive to them. They could be engaged indirectly for REDD+ objectives through supply chain management, as well as taxation and economic instruments under a landscape approach.

DAY2 Session 1: Current issues & questions

- Forest protection should be more profitable than forest conversion in REDD+ countries.
- While the original idea of REDD+ was to cover the cost of forest conservation, the reality was small amount of funding provided and decrease in contributions because of weak forest carbon market (only 4 of 23 initiatives are selling CC, 6 have ceased).
- Recent developments are: IFF (strategic intervention), Green Climate Fund and so on but long-term finance beyond 2020 is needed.
- Rights are key to reduce deforestation.

Session 2 : Management & operation of related funds

- Good governance practice according to strategic interventions engenders trust by broad stakeholders and reduces risks of REDD+ projects in Ghana but still robust legal measures for future cash inflows from REDD+ activities are needed.
- In Indonesia, REDD+ Agency takes key roles in REDD+ activities supported by multiple sources, and new arrangement including operation of FREDDI and fostering funding from Green Climate Fund should be urgently developed.
- In Mozambique, although the challenge on REDD+ was deforestation by poverty, projects supported by private funds try to reduce deforestation by incentivizing local farmers to change land use & sustainable forest use.
- By means of DNS (a financial transaction where debt is forgiven in exchange for local investments in environmental conservation measures by the debtor), NGOs help establish conservation investment priorities, and it strengthens the relationship between the government and local environmental NGOs.

Session 3: National financial systems –PES-

- REDD+ may be difficult for small countries, but PES with good governance, policy, robust monitoring mechanism works to reduce deforestation in Costa Rica.
- For incentive of carbon credit, a community based organization (stakeholders participate) has been set up for taking responsibility and benefit sharing in Indonesia.
- Payment for Forest Environmental Services (PFES) in Viet Nam promotes positive economic, environmental and social impacts on the society and a lesson learnt was political will, legal frameworks and strong commitment from governments at all levels.

Session 4 : General discussion

1. *How can national and sub-national policies link to international REDD+ finance?*
2. *What are policies and mechanisms for effective utilization of REDD+ finance?*
3. *Is there any evidence that benefit sharing is already taking place?*
4. *What kind of mechanisms should be in place for effective benefit sharing?*
5. *How can community participation and gender issues be considered?*