



Climate Finance Thematic Briefing: REDD+ Finance

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Climate Finance Fundamentals 5

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Since 2007, USD 2.72 billion has been pledged to five multilateral climate funds and two bilateral initiatives that support efforts to reduce emissions from deforestation and forest 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. 52% of the funding pledged has been deposited to date: Norway is the largest contributor of REDD+ finance, followed by Australia, the UK and the United States. Through these funds and initiatives USD 906.5 million has been approved for REDD+ activities since 2008.

Overview

REDD+ has come 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 beneficiary schemes and traditional and indigenous usage rights are acknowledged and protected. 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 focus on REDD+ finance?

REDD+ finance is provided by several different institutions. The World Bank's Forest Carbon Partnership Facility Carbon and Readiness Funds (FCPF-CF/RF), the Forest Investment Program (FIP) of the Climate Investment Funds, and the UN-REDD program are multilateral funds for REDD+ that have

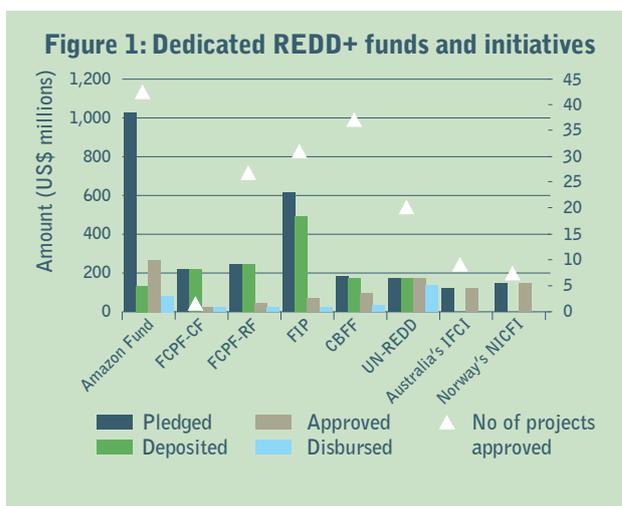


Table 1: Dedicated REDD+ funds and initiatives. (USD millions) *(excluding contributions to multilateral funds)

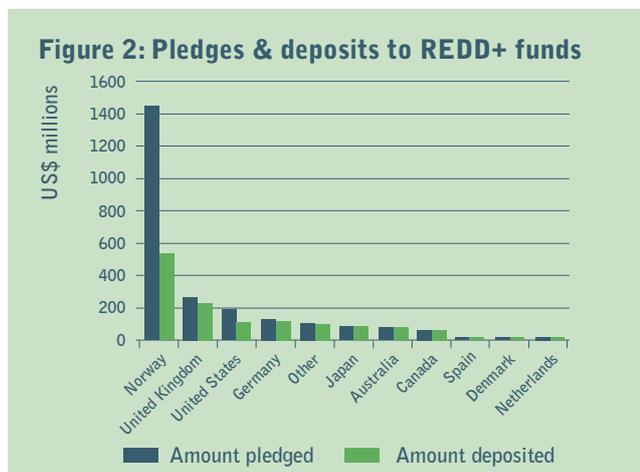
Fund / Initiative ¹	Pledged	Deposited	Approved	Disbursed	No of projects approved
Amazon Fund	1031.87	128.91	271.72	86.09	42
Forest Carbon Partnership Facility - Carbon Fund (FCPF-CF)	218.90	218.90	0.57	0.20	1
Forest Carbon Partnership Facility - Readiness Fund (FCPF-RF)	239.80	239.80	41.08	15.59	27
Forest Investment Program (FIP)	611.00	490.00	69.84	2.17	31
UN-REDD	173.36	171.12	168.73	130.38	20
Congo Basin Forest Fund (CBFF)	186.02	164.65	95.37	35.50	37
Norway's International Climate and Forest Initiative (ICFI) *	146.93	n/a	146.93	Unknown	7
Australia's International Forest Carbon Initiative (IFCI) *	112.27	n/a	112.27	Unknown	9

approved USD 280.22 million. In addition, Norway's International Climate and Forest Initiative (NICFI) and Australia's International Forest Carbon Initiative are dedicated bilateral initiatives that have approved about USD 259.20 million for REDD+ to date. Finally, the Amazon Fund and the African Development Bank administered Congo Basin Forest Fund (CBFF) focus on financing REDD+ in their respective regions, and have approved USD 367 million in funding so far. The Global Climate Change Alliance, the Indonesia Climate Change Trust Fund, the MDG Achievement Fund, Germany's International Climate Initiative, and the UK's International Climate Fund have also cumulatively approved USD 367 million for REDD+ activities.²

There has been little movement of REDD+ focused funds over the past 12 months, with pledges remaining almost static. USD 230 million has been deposited, and both FCPF funds are now fully capitalized. 57% of all the pledges for the six multilateral funds have been deposited. Only USD 100 million has been approved for new projects over the past 12 months. The Amazon Fund and UN-REDD have approved and disbursed the greatest volumes in the past year: USD 40 million and USD 32 million, respectively. UN-REDD has disbursed USD 130 million to date, which represents 77% percent of its approved funding. Disbursement rates for the remainder of REDD+ funds appear quite low, and both the FCPF-CF and the FIP appear to have disbursed less than 1% of available funding.

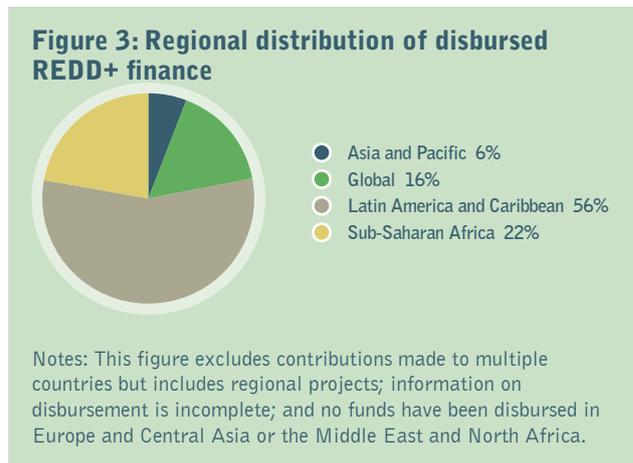
Who pledges & deposits finance for REDD+?

Norway has contributed the largest amount of finance to multilateral funds for REDD+ activities (see Figure 2). Norway's contribution represents 54% of the total pledged amount, although it has only deposited 36% of this amount – lower than



all other countries. Most of Norway's finance is channeled through its International Climate Forest Initiative (ICFI) which also directs finance through the FIP, FCPF, UN-REDD and the CBFF. The UK, the US and Germany are also major contributors of REDD+ finance. 52% of the USD 2.72 billion pledged for REDD+ activities has been deposited to date. The future of Australia's Forest Carbon Initiative is uncertain.

Who receives the money?



CFU data records 49 countries as recipients of overall (multilateral and bilateral) REDD+ finance, although about half of the total approved REDD+ finance is concentrated in Brazil and Indonesia. A number of global REDD+ programs have been approved so far. The largest is the USD 72 million UN-REDD Support to Country Act, which aims to benefit all UN-REDD Programme partner countries simultaneously by developing and delivering knowledge-based services, products and expertise to assist their progress through the full REDD+ process from initial readiness to full implementation and results-based actions.

56% of approved multilateral REDD+ funding targets Latin America and the Caribbean, the region with the largest amount of climate finance for REDD+ activities. The Amazon Fund support to 40 projects in Brazil accounts for 75% of this amount and the FIP provides USD 61 million to Mexico.

22% of multilateral funding has been approved for projects in Sub-Saharan Africa. The biggest recipient of overall REDD+ finance in the region is the DRC, which has received USD 82 million. Indonesia is the top recipient of overall REDD+ finance in Asia with USD 156 million approved.

References

Climate Funds Update: www.climatefundsupdate.org (data accessed October 2013)
 The REDDX – Tracking Forest Finance. <http://reddx.forest-trends.org/>

End Notes

1. The Climate Investment Fund (CIF) figures only include projects approved by both the Trust Fund Committees and implementing Multilateral Development Banks.
2. Japan's bilateral FSF, which has also been monitored on CFU, is excluded here. For a detailed analysis of Japan's FSF and other top contributors of climate finance see: <http://www.climatefundsupdate.org/global-trends/fast-start-finance>

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