

# EB. 6 : Strategic dialogue on Climate Finance

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**UN-REDD**  
PROGRAMME



Food and Agriculture  
Organization of the  
United Nations



**UN**  
environment  
programme

# Agenda

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9:30-10:10 Framing Presentations

10:10-11:00 Results-based finance dialogue

*Coffee break*

11:30-12:20 Finance for implementation dialogue

12:20-12:45 Board guidance and wrap up





# 1

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## Framing session and debrief of country dialogue

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## Where are we?

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- **Potential** of forests as NbS to combat climate change is evident
- Developing countries have **progressed and many delivered** on REDD+

### Readiness

FRELs: 56  
NS/AP: 41

Potential (2050):  
5.700 GtCO<sub>2</sub>e/yr

### Implementation

REDD+ Annexes: 19

Average:  
765 MtCO<sub>2</sub>e/yr  
(13%)

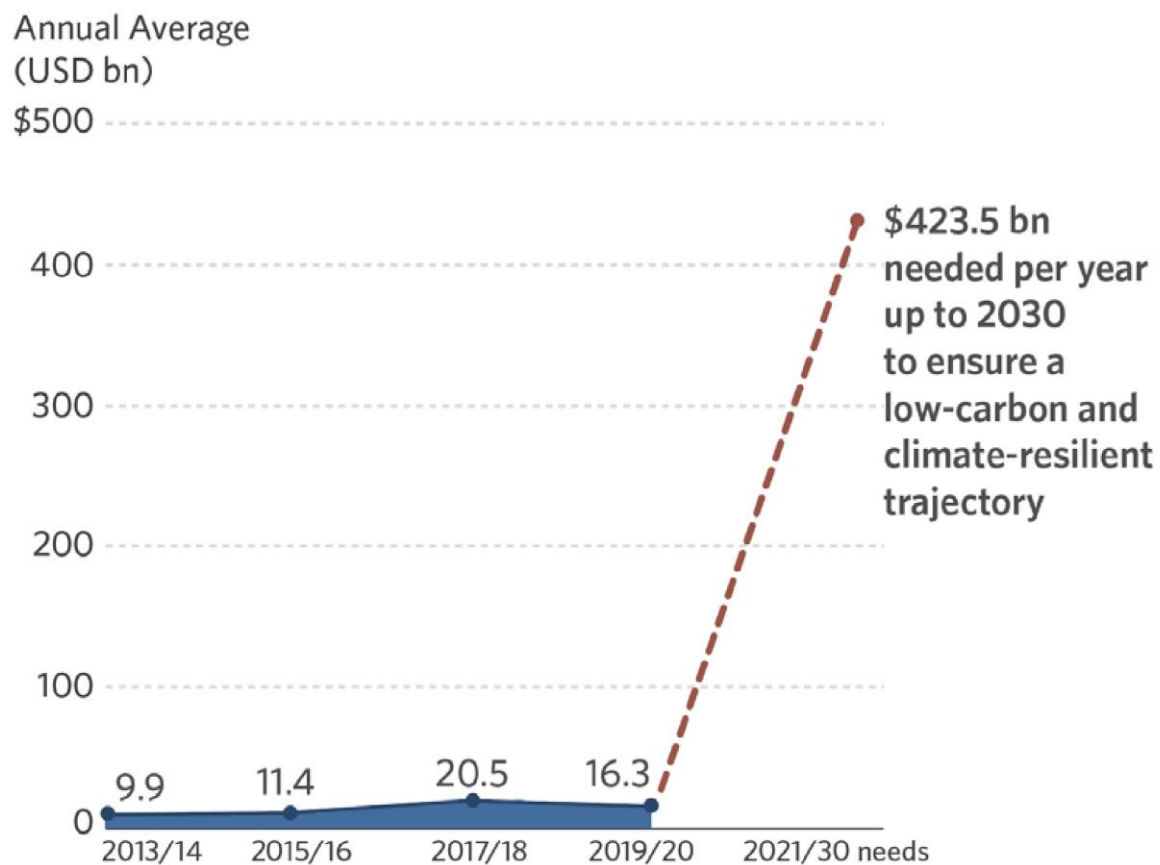
### Payments for results

Payments: 10

Avg volume paid:  
39 MtCO<sub>2</sub>e/yr (0.6%)

- **Financing challenges** exist (including availability, scale and predictability)
- Challenges but also **opportunities** exist to **bridge the gap**

# Finance for implementation - Needs and costs (1/4)



**Figure 2.2** Global tracked climate finance flows and the average estimated annual climate investment need through 2030

**Cost estimates of REDD+ actions are still limited and often incomplete**

**Financial gap: updated estimates needed**

- Global estimates range \$250-450 bn/yr specific estimates are limited
- Effectiveness of measures affects carbon return on investment

*Learning from implementation is key for financial decisions on REDD+*



## Finance for implementation - Accessibility (2/4)

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**Access to finance is generally difficult and costly at all levels**

- At national level, there is insufficient capacity of **direct access entities**, limiting the opportunities to “blend” financing with other national programs and reduce costs.
- **Key local stakeholders** often have limited capacity to access multiple sources of finance.
  - IPLC
  - Small landholders
  - Women

# Finance for implementation - Policy coherence (3/4)

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## Greater policy coherence can support finance for forest-based mitigation

- Misaligned policies, budgets and investments lower the carbon return on investment
- Harmful or even neutral support programs are missed opportunities to attract public and private investment:



**USD 528 BILLION**

of public money spent on agricultural practices that can have harmful impacts on the environment and climate

vs



**USD 300–350 BILLION**

needed annually to implement actions to transform food systems

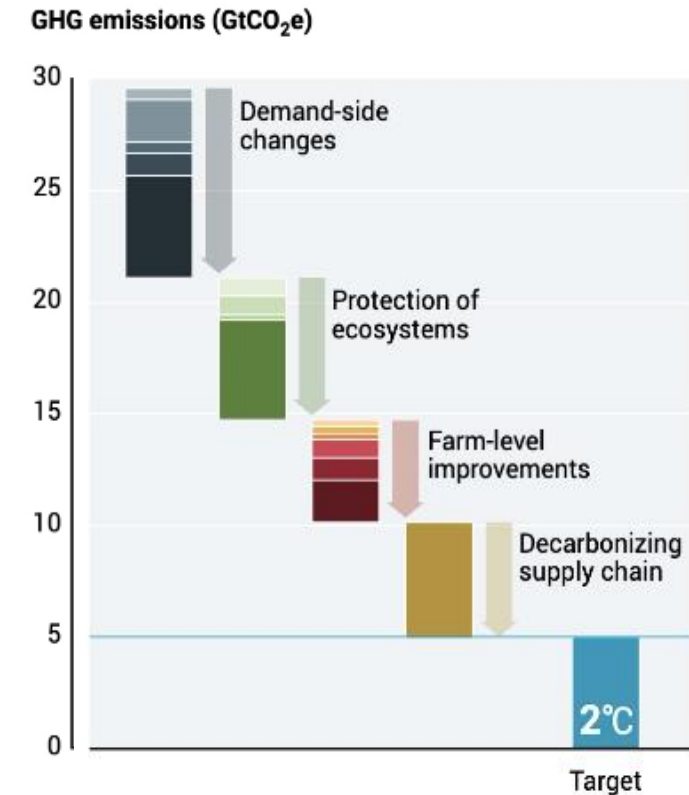
- Monitoring policies, including public expenditures, and their effects is crucial to support better informed decisions, improve estimates and the impact of interventions and inform carbon finance decisions.

# Finance for implementation – Agrifood synergies (4/4)

## Aligning investments with agrifood system transformation is still challenging

They can generate multiple dividends on forest conservation and sustainable agrifood systems

- Joint mitigation potentials are 4x forests alone
- Supports permanence by addressing drivers of deforestation
- Actions and financing barriers are similar, particularly for vulnerable groups



Source: UNEP (2022) Emissions Gap Report 2022: The Closing Window



# Results based finance - Requirements (1/2)

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## Finance entry points

**Results-based  
payments (Art.5)**

**Carbon finance  
(Art. 6.2,4,8)**

**Voluntary  
carbon markets**

## Challenges linked to technical requirements for financing

- **Additional and multiple requirements** of increasing complexity
  - limitations on top of UNFCCC (e.g., adjustments, REDD+ activities, uncertainty, etc.)
  - social and legal issues (e.g., carbon rights, safeguard and consultations)
- Voluntary carbon markets potentially offer higher rewards but stricter requirements & challenges
- **Benefit-sharing mechanisms** for REDD+ are not complete nor fully implemented

--> Need for “**enhanced**” **readiness** efforts that are costly and time consuming (incl. monitoring, registries, MRV)

# Results based finance (2/2)

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## Demand side - Predictability, volume and price

- Growing number of negotiating partners
- **Straightforward access** to adequate finance is needed for ambitious forest-based climate solutions
- **Carbon prices** have been increasing, with price “premiums” for forest carbon in VCMs, but still relatively low
- A “fallback” financing option to access RBPs should be encouraged and promoted

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**Thank you**



# MESOAMERICAN TERRITORIAL FUND

of the Mesoamerican Alliance of Peoples and Forests



**FTM**  
Fondo Territorial  
Mesoamericano



**Alianza**  
Mesoamericana  
de Pueblos y Bosques  
Mesoamerican Alliance of People and Forests



An alternative financial mechanism, managed directly by Indigenous Peoples and Local Communities (IPCL), who live and sustain the last great forests and natural territories in six countries of Mesoamerica.

An initiative of the Mesoamerican Alliance of Peoples and Forests (AMPB), formed by 11 indigenous and local community organizations







Currently, our operations extend across: Mexico, Guatemala, Honduras, Nicaragua, Costa Rica, and Panama.



RED MOCAF

ACOFOP

ALIANZA NACIONAL FORESTAL  
ASOCIACIÓN UTZ CHE'

NACIÓN MAYANGNA

CONGRESO GENERAL GUNA

COMARCA EMBERÁ - WOUNAAN

FEPROAH

MASTA

INHWANKA RAYA

RIBCA

**AMPB MEMBERS**



# Rationale

A study by Rainforest Foundation Norway<sup>1</sup>, in 2021 confirmed that less than 1% of global climate finance<sup>2</sup> reached indigenous peoples and local communities in the global south in the last ten years.

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1. 2021. Rainforest Foundation Norway. Falling Short: Donor funding for Indigenous Peoples and local communities to secure tenure rights and manage forests in tropical countries (2011–2020).

2. ODA/Asistencia Oficial para el Desarrollo.

## The current climate finance model fails to invest in community territories and protect forests because:

It has been designed by and for governments and some organizations.

Focuses almost exclusively on reducing emissions.

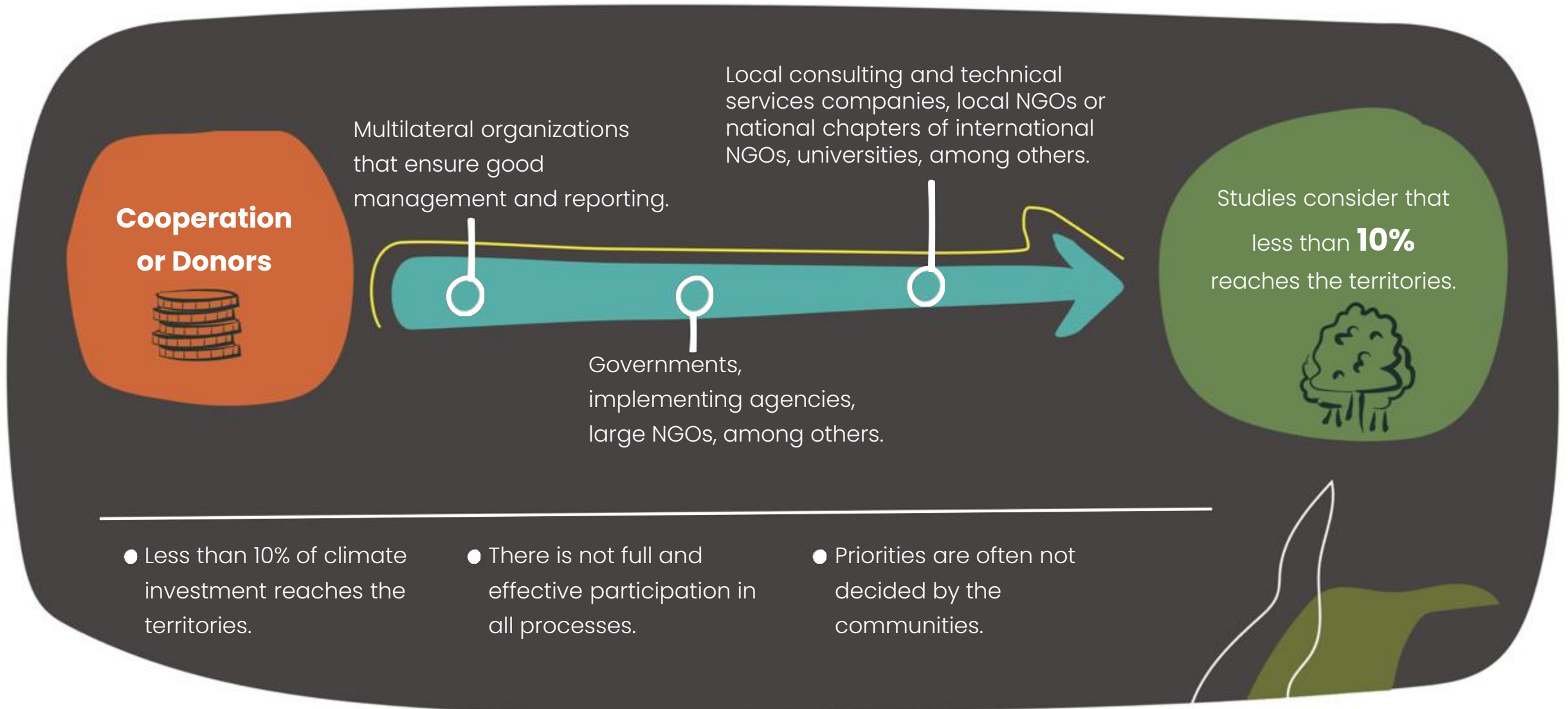
Very costly and bureaucratic financial flow channels.

Does not take into account the organizational initiatives that already exist in the territories.

A narrative of respect for rights that is rarely applied.



# The current design of financial flow channels:






# Pilot Phase 2020-2021

CLUA donation \$ 600 000

Call for indigenous organizations and local communities. Supported 10 projects in Mexico, Guatemala, Nicaragua, Costa Rica, Honduras, and Panama.

## Lines of action defined by organizations



Strengthening the organization's governance of the organization



Processes for the defense of rights and territories



Local economic and productive initiatives

# Direct territorial investment piloting

## Cooperation, Co-investors

- Lowering the cost of intermediation
- Strengthening rights
- Strengthening territorial governance
- Deciding investment priorities together with organizations
- Ensuring investment efficiency
- Ensuring transparency

FTM pilot + an allied organization  
for administration  
+ allies in project evaluation

Territorial communities

**GLOBAL ALLIANCE**  
OF TERRITORIAL COMMUNITIES

# Shandia approach at FTM

- Territorial communities and their organizations define priorities.
- Rights of indigenous peoples and local communities.
- Seeks territorial alliances with other actors.
- Design of less costly financing channels.
- Measurable and achievable results.
- Transparent use of resources.
- Contribution to the climate agenda, biodiversity and the fight against desertification and degradation.





# Results

In the first pilot cycle of projects, during 2020-2021, we achieved:



10 projects supported

USD 600,000 invested

16 952 people supported

9 audits performed

6 countries

80% direct investment in the territory

6 728 women supported (39.7%)

1 overall external evaluation of the pilot

7 indigenous peoples' organizations

20% of administration, operation, and accompaniment

10 224 men supported (60,3%)

2 local community organizations

USD 47,000 average investment per project

228 communities supported

1 mixed organization: Indigenous Peoples and local communities

# 3 INVESTMENT AXES



## GOVERNANCE

**78** organizational strengthening meetings

**2** internal virtual communication networks supported

**9** communities strengthened in land concession processes



## RIGHTS

**27** processes of territorial defense and governance supported

**16** training events on rights

**30** meetings for dialogue and advocacy



## VENTURES

**25** ventures supported on food self-sufficiency

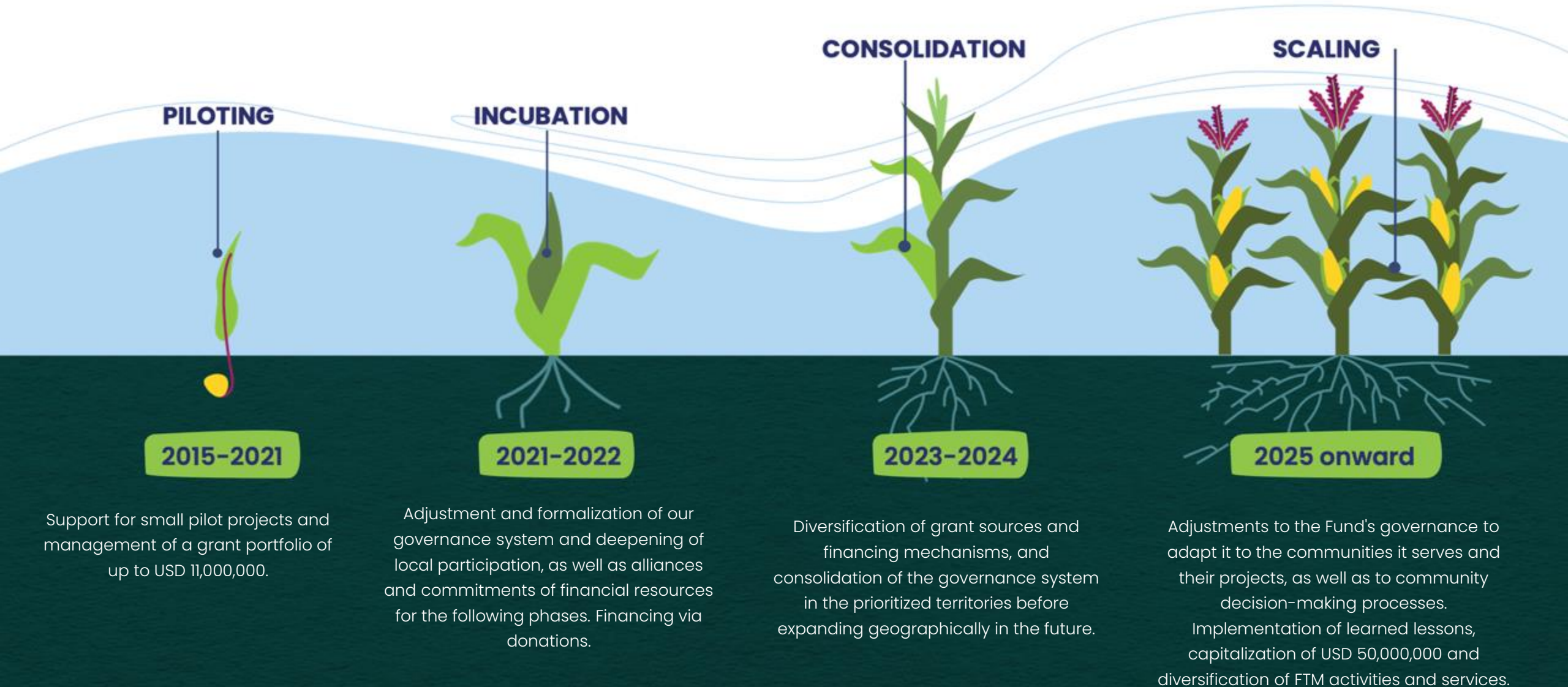
**4** ventures supported on value-added timber products

**6** ventures supported on alternative tourism

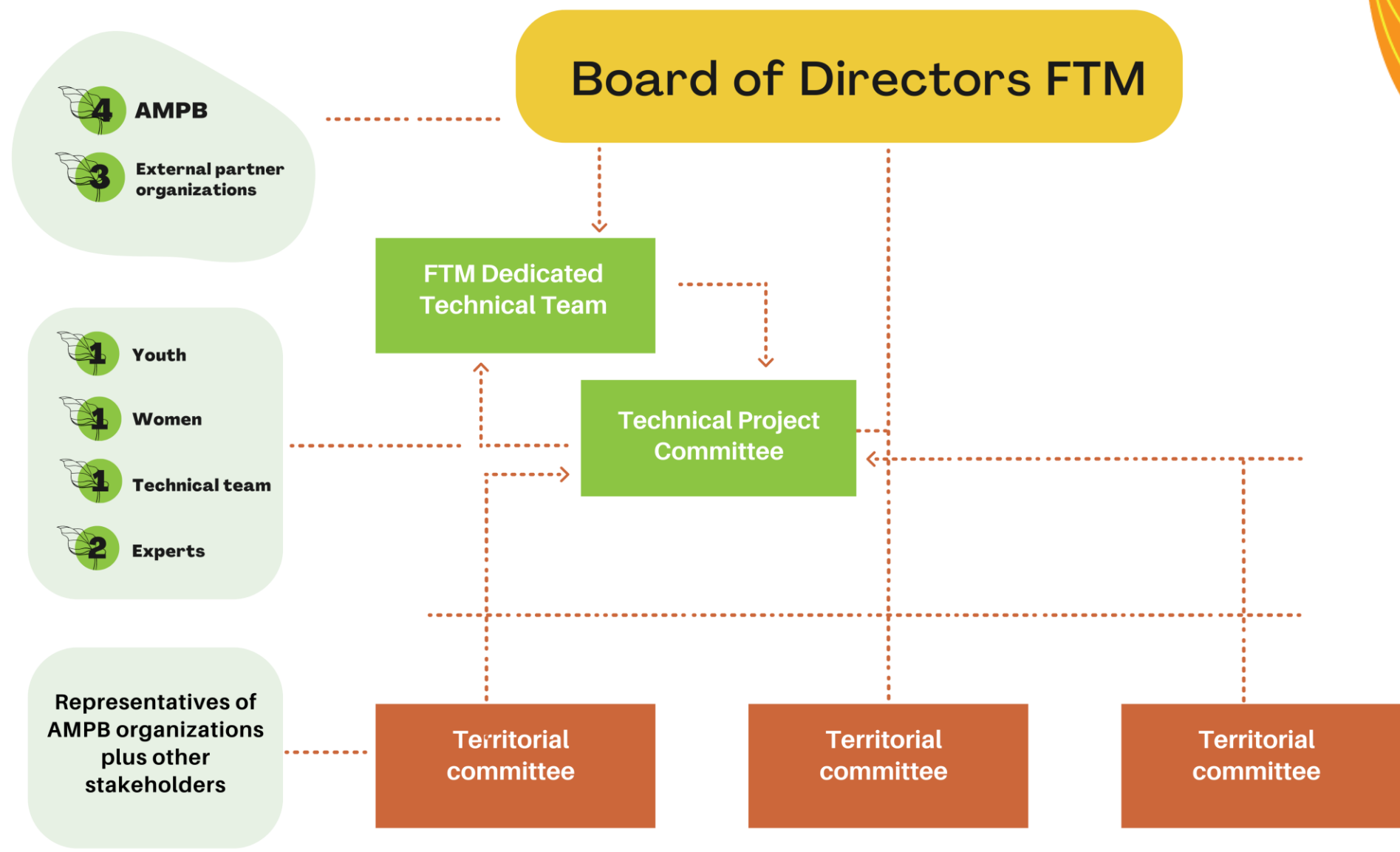
**8** community forestry initiatives supported



# A process that has already begun



**CLUA, FORD FOUNDATION, USAID, FSC-IF**





# What do we finance?

**1**

**Climate change,  
nature degradation  
and biodiversity  
protection**

**2**

**Land and  
forest rights**

**3**

**Indigenous and  
community economic  
and productive  
enterprises**

**4**

**Projects for  
women**

**5**

**Youth  
projects**

**6**

**Support for  
emergencies and  
opportunities**

# 5x5x5 Ambition

In  years, our Fund will reach approximately



**5 000 000**


**indigenous and community-based people,**  
thereby actively conserving and restoring,



**50 000 000**

**hectares of forests and  
biodiverse ecosystem**



A stylized illustration of a jungle scene. A large, rounded blue rectangle serves as a background for the text. The scene is decorated with various tropical plants: large light green monstera leaves in the top corners, a yellow-orange palm frond on the bottom left, a blue vine with a spiral on the left, and a black silhouette of a bear walking through green foliage on the bottom right. The text is centered within the blue rectangle in a bold, black, sans-serif font.

**We invite you to invest with us  
to protect the climate, biodiversity  
and reverse the damage of Mother Nature**



# FTM

Fondo Territorial  
Mesoamericano

[www.alianzamesoamericana.org](http://www.alianzamesoamericana.org)



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## Results-based finance



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# Results-based finance – key emerging issues

Requirements for results (Supply capacity)	Predictability, volume and price (Demand signal)
<p>Multiple and increasingly complex requirements</p> <p>Forest finance is not flowing at the speed and volume to where it is needed (women, IPs and LCs, small holder farmers)</p> <p>“Enhanced” readiness needs e.g. accounting, registries, validation/verification</p>	<p>Insufficient predictability of payments</p> <p>Low carbon price and low volume of finance</p> <p>Weak incentives for forest countries for transformational change</p>

**What needs to happen and how do we get there?**

**What can UN-REDD do to help?**



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## Finance for implementation

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# Finance for implementation - Key emerging issues

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## Finance for implementation

Greater policy coherence can support finance for forest-based mitigation

Updated estimates of financing needs are needed

Aligning investments with agrifood system transformation is still challenging

Access to finance is generally difficult and costly at all levels

**What needs to happen and how do we get there?**

**What can UN-REDD do to help?**



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## Wrap-up the session with Board guidance for UN-REDD

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# Recommended UN-REDD support:

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## CHAPEAU

- Assess what is working?
  - Agrifood systems, SFM, land use planning
  - Inclusive financing mechanisms
- Country platforms to integrate actions  
(cross-sectorial-agrifood, cross-projects, multiple benefits)
- Financing from the broader values of forests
- Policy and technical advice (policy coherence)
- Support approaches to facilitate meeting the multiple requirements
- Support processes for simplification
- Fund management and deployment





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