

Finance for REDD+ to Enhance Mitigation and Adaptation and Biodiversity Co-benefits: Lessons from the Global Environment Facility

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1. Research Goal and Background

Goal

- Explore ways to effectively and efficiently finance Reducing Emissions from Deforestation and Forest Degradation (REDD+) activities to enhance climate change adaptation and biodiversity conservation by drawing on lessons from the Global Environment Facility (GEF).

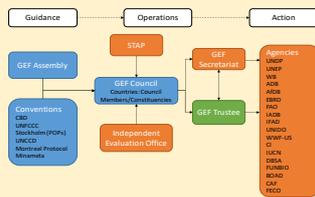
Background

- To promote the implementation of REDD+ it is essential to create effective international institutions, including a financing system for REDD+. To enhance not only greenhouse gas emissions reduction, but also REDD+ co-benefits including adaptation and biodiversity conservation effectively and efficiently, it is important to design institutions, especially financing systems that support and enhance them.
- Existing studies have failed to provide concrete suggestions for effective finance mobilization and allocation for enhancing not only emissions reduction but other co-benefits of REDD+, such as adaptation and biodiversity.
- The GEF is the only agency serving as a financial mechanism for the UNFCCC, which addresses mitigation and adaptation, and the Convention on Biological Diversity, which addresses biodiversity conservation. The GEF is able to finance forest-related activities that produce multiple benefits.

2. Materials and Methods

The Case of GEF Financing

- To date, the GEF has supported over 411 forest projects and programs totaling more than USD2.7 billion in GEF grant support, leveraging USD13.8 billion from other sources (as of 1st April, 2017) (GEF, 2017).
- GEF has a unique governing structure organized around an Assembly, the Council, the Secretariat, 18 Agencies, a Scientific and Technical Advisory Pane, and an Evaluation Office.



The GEF Institutional Framework (GEF, 2017)

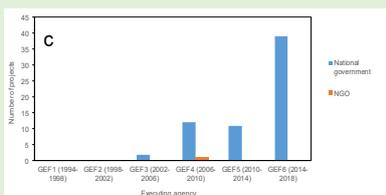
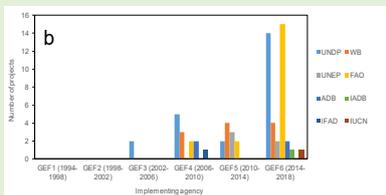
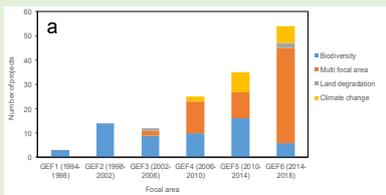
Data from the GEF Project Database

- Analyzed the following three items using the information available from the GEF project database and project reports:
 - Trends in the focal areas of GEF forest-related projects;
 - The implementing and executing agencies in GEF forest-related multi-focal area projects;
 - The co-funders and the amount of co-funding for GEF forest-related multi-focal area projects.
- Used forest-related project data from the GEF project database (as of July 11, 2016). Using the term "Forest" to search the data, we extracted 149 approved national forest-related projects and 29 approved global and regional forest-related projects.
- Organized the data in relation to the number of projects as well as the focal area, implementing agencies, executing agencies, and co-funding for each project. We also classified the project information according to the replenishment period, GEF-1 to GEF-6 (e.g., projects starting between July 1994 and June 1998 were categorized as GEF-1).

3. Results of Analyses

1) Approved GEF forest-related national projects

- The number of forest-related national projects is increasing.
- Until GEF-3 (2006), biodiversity was the main focal area of forest-related national projects. Currently, however, the major focal areas of these projects are multi-focal areas, climate change, and biodiversity, and the number of forest-related multi-focal area national projects is increasing.
- Of the forest-related multi-focal area national projects, 90.8% address multiple issues, including climate change and biodiversity.
- Currently, the main agencies implementing forest-related multi-focal area national projects are UNDP and FAO.
- Most of the agencies executing the forest-related multi-focal area national projects are the national governments of host countries.
- The share of co-funding for each forest-related multi-focal area national project is increasing.
- Co-funders include multilateral aid agencies (e.g., UNDP, FAO, the World Bank, ADB, and UNEP), bilateral aid agencies (e.g., Germany, the EU, and the US), governments in developing countries (e.g., ministries addressing the environment and forestry), NGOs (e.g., WWF and WCS), and the private sector (e.g., the banking and financial sector, nut producers, and coffee institutes).



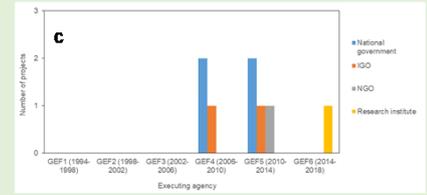
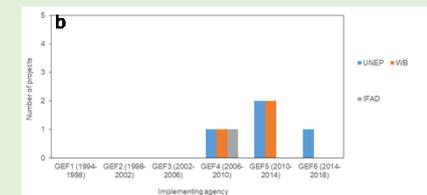
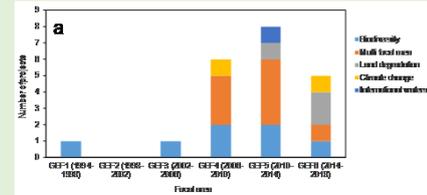
The number of GEF forest-related national projects, and forest-related multi-focal area national projects. a) the composition of focal areas of GEF forest-related national projects; b) the composition of implementing agencies of GEF forest-related multi-focal area national projects; c) the composition of executing agencies of GEF forest-related multi-focal area national projects.

	Average amount of GEF funding for each project (USD)	Average amount of co-funding for each project (USD)	Average share of co-funding for each project
GEF1 (1994-1998)	-	-	-
GEF2 (1998-2002)	-	-	-
GEF3 (2002-2006)	3,322,673	6,756,400	67.7%
GEF4 (2006-2010)	3,668,226	27,780,306	72.9%
GEF5 (2010-2014)	6,511,468	32,671,945	79.7%
GEF6 (2014-2018)	7,530,084	44,789,038	81.4%

Co-financing of the GEF forest-related multi-focal area national projects

2) Approved GEF forest-related global and regional projects

- The number of forest-related global and regional projects is limited.
- The focal areas of forest-related global and regional projects are diverse.
- Of the forest-related multi-focal area global and regional projects, 85.7% address multiple issues, including climate change and biodiversity.
- UNEP and the World Bank are the primary implementing agencies of forest-related multi-focal area global and regional projects.
- The range of executing agencies of forest-related multi-focal area global and regional projects is diverse; it includes national governments of host countries, as well as research institutes, IGOs, and NGOs.
- The share of co-funding for each forest-related multi-focal area global and regional project is high.
- Co-funders include multilateral aid agencies (e.g., UNEP, the World Bank, UNDP, and FAO), bilateral aid agencies (e.g., Germany, and the EU), governments in developing countries, NGOs (e.g., WWF and WCS), and the private sector (e.g., MacArthur Foundation).



The number GEF forest-related global and regional projects, and forest-related multi-focal area global and regional projects. a) the composition of focal areas of GEF forest-related global and regional projects; b) the composition of implementing agencies of GEF forest-related multi-focal area global and regional projects; c) the composition of executing agencies of GEF forest-related multi-focal area global and regional projects.

	Average amount of GEF funding for each project (USD)	Average amount of co-funding for each project (USD)	Average share of co-funding for each project
GEF1 (1994-1998)	-	-	-
GEF2 (1998-2002)	-	-	-
GEF3 (2002-2006)	-	-	-
GEF4 (2006-2010)	4,125,593	11,192,389	72.4%
GEF5 (2010-2014)	3,941,250	4,118,700	53.4%
GEF6 (2014-2018)	5,342,465	68,300,000	92.7%

Co-financing of the GEF forest-related multi-focal area global and regional projects

4. Conclusions

The analysis of GEF forest-related projects provides a justification for implementing financial mobilization and distribution to enhance the REDD+ co-benefits such as adaptation and biodiversity. The UNDP, the World Bank, FAO, UNEP, and the national governments of developing countries are the key agencies that support REDD+ activities that enhance these co-benefits. Furthermore, GEF, and project co-funders, which include multilateral aid agencies, such as UNDP, FAO, the World Bank, ADB, and UNEP, bilateral aid agencies, such as Germany, the EU, and the US, NGOs, and the private sector, play a key role in enhancing REDD+ co-benefits. Since contributions from private funds are limited in the GEF, it is important to design a scheme to mobilize more private financing for REDD+.