

Information Note

The galaxy of climate finance

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Climate finance is characterized by a fragmented multiplicity and mixture of multilateral funds and bilateral initiatives that are located at various international institutions and that differ widely in their overall architecture and governance approach. This leads to a complex constellation where it is increasingly difficult to track country pledges and the interrelations and duplications between the different funds and initiatives.

This information note seeks to explain this galaxy of climate financing. Most of climate funds are hosted by four multilateral institutions: The World Bank (WB), The Global Environment Facility (GEF), The United Nations Development Programme (UNDP) and the United Nation Framework Convention on Climate Change (UNFCCC). However there are many interlinkages between these as the multilateral institutions play the role of financial mechanism, trustee, secretariat or implementing agencies. Alongside, there are bilateral initiatives where developed countries channel funding through these funds or other bilateral project arrangements.

The World Bank: <http://beta.worldbank.org/climatechange/financing>

- The World Bank consists of two development institutions owned by 186 member countries: the [International Bank for Reconstruction and Development](#) (IBRD) and the [International Development Association](#) (IDA). The IBRD aims to reduce poverty in middle-income and credit-worthy developing countries, while IDA focuses on the world's poorest countries.
- After the voting reform in April 2010, Annex I countries will have a voting power of 59.94%, with the US holding the largest voting share of 15.85%, followed by Japan and China. LDC voting power will increase from 3.69% to 4.21%.
- The World Bank has its own classification of developing countries. This differs from the non-Annex I categorization of the UNFCCC.¹
- The World Bank has been heavily and increasingly engaged in climate finance since 2000. The World Bank is an implementing agency of the Global Environmental Facility (GEF).

¹ See World Bank's Country and Lending Groups at <http://data.worldbank.org/about/country-classifications/country-and-lending-groups>

- The Climate Investment Funds (CIFs) and Forest Carbon Partnership (FCPF) set up in 2008, hold country pledges of over USD 6.135 billion². All CIFs have a sunset clause upon the establishment of a new UNFCCC financial mechanism³.
- The World Bank serves as trustee of the Adaptation Fund of the Kyoto Protocol on an interim basis and is an accredited Multilateral Implementing Entity of this Fund.
- Through the constellation of multilateral climate funds, the World Bank participates in the decision making process of nearly all of them.
- Through its Carbon Finance Unit (CFU) the World Bank is also engaged in the carbon market. On behalf of different stakeholders the World Bank administers a variety of different funds set up to purchase certified emission reductions (CERs) from Clean Development Mechanism (CDM) projects.

The Global Environmental Facility (GEF): www.thegef.org

- Since its establishment in 1991 the GEF has provided over USD 2.61 billion of funding in the Climate Change focal area.
- On 12 May 2010, the negotiations for the 5th replenishment of the GEF was completed. The GEF received funding commitments from 30 donor nations pledging USD 4.25 billion for all focal areas. In comparison to GEF-4, this represents a 50% increase in funding. Keeping in mind that the considered scenarios for the GEF-5 replenishment have been USD 3 billion (low), USD 5 billion (medium) and USD 10 billion (high) the current pledges therefore only range between the mid and lowest scenarios. This is of special importance because the medium and high scenarios were assumed to lead to a larger proportion in the climate change focal area. Furthermore only the medium and high scenarios included a replenishment of the Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF) under the UNFCCC, with funding of USD 500-1000 million.⁴ In the programming documents for the meeting in March 2010 the replenishment targets considered were lowered to USD 4.5 billion (low), USD 5.5 billion (medium) and USD 6.5 billion (high)⁵, before setting an ultimate target of USD 4.25 billion for the final replenishment meeting in May 2010. The GEF-5 programming proposes to allocate USD 1.4 billion of this amount to the climate change focal area.⁶
- The GEF administrates two UNFCCC funds: the LDCF, and the SCCF, both established in 2001 and provides secretariat services on an interim basis for the Kyoto Protocol's Adaptation Fund Board.

²http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CIF%20Pledging%20table%20as%20of%203-31-10_043010.pdf

³ Paragraph 56 of the Clean Technology Fund conceptual paper http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Clean_Technology_Fund_paper_June_9_final.pdf as well as paragraphs 57 and 58 of the Strategic Climate Fund conceptual paper : http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Strategic_Climate_Fund_final.pdf state that the World Bank “will take necessary steps to conclude its operations [of the CIFs] once a new financial architecture is effective”.

⁴ For Scenarios and assumptions in GEF-5 allocation simulations (especially table on page 21) see http://72.26.206.151/gef/sites/thegef.org/files/documents/GEF.R.5.Inf_4.STAR-replenishment.pdf

⁵Final Programming as of March 2010 http://72.26.206.151/gef/sites/thegef.org/files/documents/GEF_R5_%2025,%20Final%20GEF_5%20Programming%20Document,%20Feb%2012,%202010.pdf

⁶ Programming Document as of May 2010 <http://72.26.206.151/gef/sites/thegef.org/files/documents/GEF.R.5.31.pdf>

United Nations Development Programme (UNDP): www.undp.org

- The UNDP serves as an implementing agency to the GEF; the UN-REDD Programme; and the Millennium Development Goals achievement Fund (MDG-F).
- The UNDP was appointed the administrative agent of the UN-REDD Programme (Reduction of Emission from Deforestation and Degradation), established in 2008. The UNDP collaborates with the United Nation's Food and Agriculture Organization (FAO) and the United Nations Environment Programme (UNEP) to implement this programme.
- The Millennium Development Goals achievement Fund was established in 2006 with an initial contribution of USD 710 million from Spain⁷. The MDG-F supports national governments, local authorities and citizen organizations in their efforts to tackle poverty and inequality. Within its Environmental and Climate Change window, USD 90 million was allocated to climate change.
- The UNDP is an accredited Multilateral Implementing Entity (MIE) of the Adaptation Fund of the Kyoto Protocol.

United Nations Framework Convention on Climate Change (UNFCCC) : www.unfccc.int

- The UNFCCC has three funds established, which are operated and/or serviced by the international institutions presented above: the LDCF and the SCCF both under the Convention and the Adaptation Fund (AF) under the Kyoto Protocol. Negotiations for a new financial mechanism under the Convention are still underway.
- The AF, established in 2005, is the only multilateral fund that does not rely solely on voluntary contributions from countries as it is mainly funded through an automatic provision of 2% share of proceeds from CDM projects.⁸ The AF is also the only fund that allows direct access for developing countries and has an equitable governance structure between developed and developing countries. The World Bank and GEF serve respectively as trustee and secretariat on an interim basis, however the Adaptation Fund is supervised and managed by the Adaptation Fund Board (AFB). In April 2010, Spain made the first voluntary contribution of USD 60 million to the fund.⁹ At the Petersberg Dialogue on 2-4 May 2010 Germany announced a contribution of USD 15 million to the AF..¹⁰
- The purpose of the Special Climate Change Fund (SCCF) is to finance projects in the areas of adaptation (top priority); technology transfer and capacity building; energy, transport, industry, agriculture, forestry and waste management; and economic diversification.
- The Least Developed Country Fund (LDCF) addresses the special needs of the 48 Least Developed Countries (LDCs), which are especially vulnerable to the adverse impacts of climate change. This includes preparing and implementing National Adaptation Programs of Action (NAPAs) to identify urgent and immediate needs of LDCs to adapt to climate change.

⁷ Spain provided another contribution of approximately USD 115 in 2008. –<http://www.mdgfund.org/aboutus>

⁸ "That the share of proceeds to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation, as referred to in Article 12, paragraph 8, of the Kyoto Protocol, shall be two per cent of the certified emission reductions issued for a clean development mechanism project activity", Decision 17/CP.7, paragraph 15.

⁹ Spain Contributes 45 Million Euros to the Adaptation Fund, Adaptation Fund Board secretariat <http://www.adaptation-fund.org/node/420>

¹⁰ German Missions in the US, "Petersberg Dialogue: No Alternative to Climate Protection", 3 May 2010, http://www.germany.info/Vertretung/usa/en/_pr/P_Wash/2010/05/03_Petersberg_PR.html

Bilateral Country Initiatives

Several Annex I countries have established bilateral initiatives that aim to support developing countries. While a share of the funding channeled through these initiatives is directed towards projects, another share is provided through the World Bank Climate Investment Funds or other multilateral funds (for example nearly all money pledged in the UK's International Environmental Transformation Fund will likely go to the World Bank's CIFs¹¹). It is unclear whether and how much of the money pledged under country initiatives will be counted towards the fast-start finance commitments of countries (as most of the pledges were made prior to 2010) announced at COP15 and enshrined in the Copenhagen Accord (para 8).

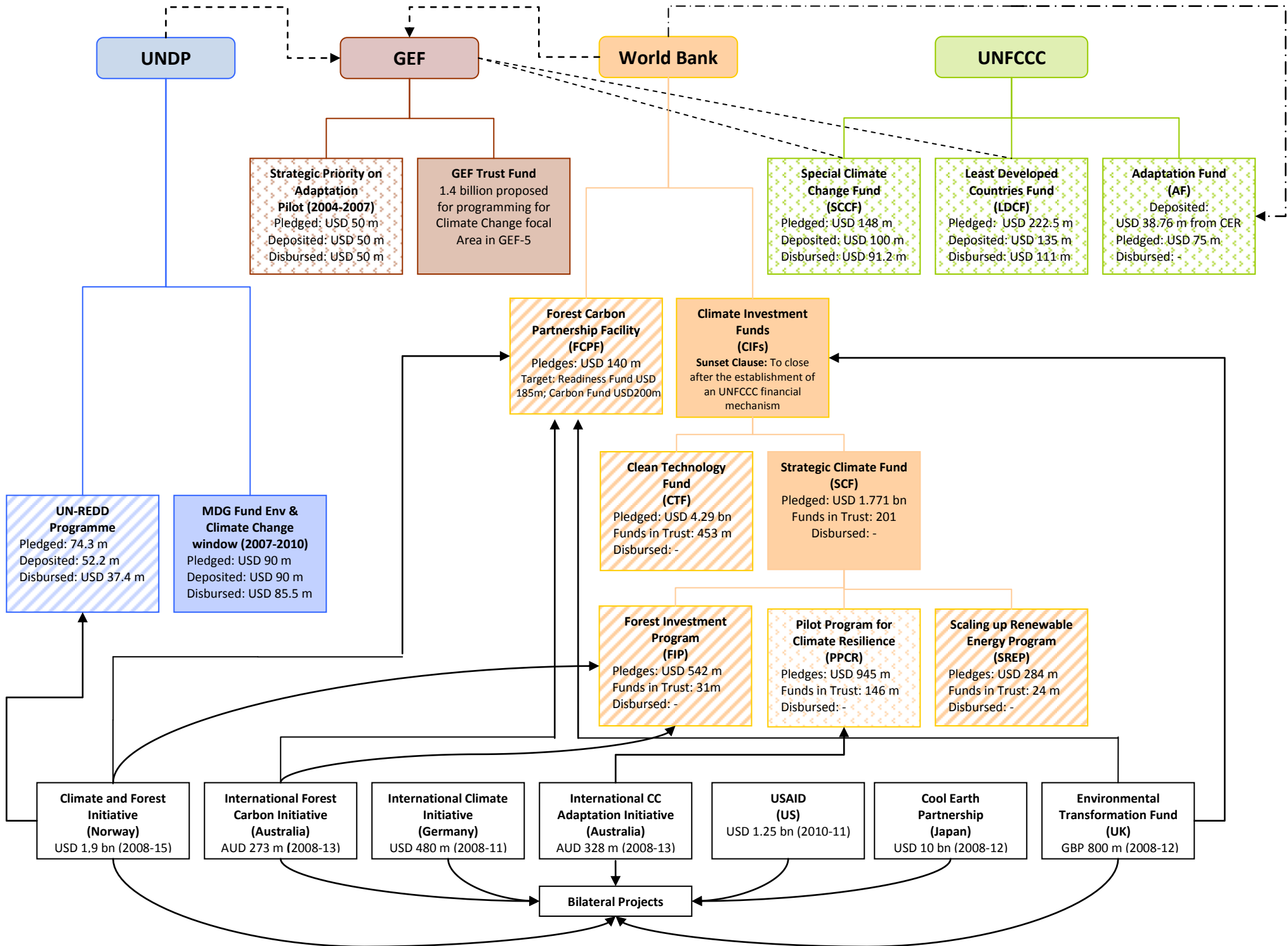
- Japan's *Cool Earth Partnership* is the largest funding commitment by a developed country, with an overall volume of USD 10 billion for the period 2008-2012. However, there is little information about what the partnership is currently delivering and through which channel(s).
- In the fiscal year of 2010, 37% of USAID bilateral funding for climate change has been directed towards programs around the globe and this is distributed between the developing countries regions: 26% African countries, 18% Asia and 15% to Latin-America and the Caribbean.
- Norway and Australia have also established bilateral financing in 2007, both these funds are focused on forest initiatives. Australia will work through existing channels rather than establish its own fund. In its budget measurements for 2010-2013 Australia announced to add AUD 234.2 million to its bilateral initiative¹². Norway works through multilateral and bilateral channels as well as research institutions and NGOs.
- Germany's International Climate Initiative (ICI) is funding projects in the area of mitigation adaptation and REDD. In the field of adaptation to climate change, parts of appropriate national programmes for adaptation are being implemented in selected partner countries that are especially vulnerable to climate change (on the basis of national or regional strategies, NAPAs).

Bilateral country initiatives links:

- Climate and Forest Initiative (Norway) <http://www.regjeringen.no/en/archive/Stoltenbergs-2nd-Government/Ministry-of-the-Environment/Ryddemappe/2008/why-a-climate-and-forest-initiative.html?id=526489>
- Cool Earth Partnership (Japan) <http://www.mofa.go.jp/policy/economy/wef/2008/mechanism.html>
- International Environmental Transformation Fund (UK) http://www.decc.gov.uk/en/content/cms/what_we_do/change_energy/tackling_clima/intl_strat/ietf/ietf.aspx
- International Forest Carbon Initiative (Australia) <http://www.climatechange.gov.au/government/initiatives/international-forest-carbon-initiative.aspx>
- International Climate Change Adaptation Initiative (Australia) http://www.usaid.gov.au/keyaid/adaptation_initiative.cfm
- International Climate Initiative (Germany) http://www.bmu-klimaschutzinitiative.de/en/home_i
- USAID (US) international climate finance budget fact sheet for 2010-11: <http://www.state.gov/documents/organization/140689.pdf>

¹¹ Bird et al (2008) New Finance for Climate Change and the Environment <http://www.odi.org.uk/resources/details.asp?id=2980&title=finance-climate-change-environment>

¹² For the Australian budget measurements please see http://www.budget.gov.au/2010-11/content/bp2/html/bp2_expense-05.htm





Mitigation Fund



Adaptation Fund



Mitigation & Adaptation Fund



Serves as secretariat and trustee (on an interim basis till 2011)



Implementing agency



Operates on behalf of the UNFCCC




Funding directed towards

All numbers are approximate due to different exchange rates used by sources.

Graph adapted from: Remy Paris (2010) *Climate Change Financing Monitoring aid flows targeting the objectives of the Rio conventions* presentation at the side event "The way forward for MRV", Bonn Climate Change Talks - April 2010

Overall resources pledged to Multilateral Funds

Country	Total	UNFCCC			UNDP		World Bank				
		LDCF	SCCF	AF	UN-REDD	MDG	FCPF	CTF	SREP	PPCR	FIP
Australia	\$154,273,090	\$6,600,750		\$191,340			\$9,481,000	\$92,000,000		\$37,000,000	\$9,000,000
Austria	\$580,400	\$580,400									
Belgium	\$638,000	\$638,000									
Canada	\$115,413,069	\$6,518,366	\$12,894,703							\$96,000,000	
Czech Republic	\$25,454	\$25,454									
Denmark	\$44,470,919	\$15,967,606	\$9,041,885	\$544,030	\$1,917,398.00					\$7,000,000	\$10,000,000
Finland	\$23,854,435	\$9,474,030	\$5,251,065	\$155,340			\$8,974,000				
France	\$294,085,072	\$14,962,379		\$122,693			\$5,000,000	\$274,000,000			
Germany	\$841,922,805	\$54,644,147	\$27,278,658	\$15,000,000			\$4,000,000	\$674,000,000		\$67,000,000	
Ireland	\$110,874,794	\$9,749,794	\$2,125,000							\$99,000,000	
Italy	\$11,000,000	\$1,000,000	\$10,000,000								
Japan	\$1,102,263,093	\$250,000		\$13,093			\$10,000,000	\$992,000,000	\$40,000,000		\$60,000,000
Luxembourg	\$5,702,900	\$5,702,900									
Netherlands	\$112,880,780	\$16,342,600	\$3,128,880	\$139,300			\$20,270,000		\$73,000,000		
New Zealand	\$3,868,560	\$3,868,560									
Norway	\$299,722,386	\$8,421,064	\$21,676,866	\$210,726	\$52,213,730.00		\$40,200,000		\$25,000,000	\$8,000,000	\$144,000,000
Portugal	\$1,363,164	\$64,065	\$1,299,099								
Spain	\$293,457,596	\$1,520,781	\$6,861,900	\$60,000,000	\$20,242,915.00	\$90,000,000	\$6,832,000	\$108,000,000			
Sweden	\$99,283,450	\$9,912,143	\$6,120,153	\$251,154				\$83,000,000			
Switzerland	\$36,898,531	\$4,231,686	\$3,991,194	\$178,651			\$8,497,000		\$20,000,000		
UK	\$1,214,514,441	\$22,020,974	\$18,603,167	\$990,300			\$21,900,000	\$583,000,000	\$76,000,000	\$341,000,000	\$151,000,000
US	\$2,055,000,000	\$30,000,000	\$20,000,000				\$5,000,000	\$1,492,000,000	\$50,000,000	\$290,000,000	\$168,000,000
Total	\$6,822,092,939	\$222,495,699	\$148,272,570	\$77,796,627	\$74,374,043	\$90,000,000	\$140,154,000	\$4,298,000,000	\$284,000,000	\$945,000,000	\$542,000,000

 Money provided as loans

 Money provided as grants/capital

All numbers in USD and approximate due to different exchange rates used by sources

LDCF	Least Developed Country Fund
SCCF	Special Climate Change Fund
AF	Adaptation Fund
UN-REDD	UN-REDD program
MDG	Millennium Development Goals Achievement Fund
FCPF	Environmental and Climate Change window
CTF	Clean Technology Fund
SREP	Scaling up Renewable Energy Program
PPCR	Pilot Project for Climate Resilience
FIP	Forest Investment Program

Endorsed and approved projects under the Clean Technology Fund

Within the existing multilateral Funds the World Bank Clean Technology Fund so far has received the biggest share of country commitments. From the total USD 6.82 billion, USD 4.298 billion will flow through this financing instrument, which is more than 60% of funding commitments to multilateral funds. None of this funding will go towards Least Developed Countries or Small Island Developing States most vulnerable to Climate Change. With respect to the fact that the Carbon Investment Funds have a sunset clause upon the establishment the financial mechanism under the UNFCCC and are designed to provide early lessons learnt in climate financing, it has to be evaluated how the distribution within existing multilateral funds can better meet the needs of the most vulnerable countries to climate change.

Endorsed and approved projects under the Clean Technology Fund

Country	endorsed	Approved	year
Colombia	\$150,000,000		Mar-2010
Egypt	\$300,000,000		Jan 10
Indonesia	\$400,000,000		Mar-2010
Mexico	\$500,000,000	\$269,000,000	Jan 10
Kazakhstan	\$200,000,000		Mar-2010
Turkey	\$250,000,000	\$165,000,000	Jan 10
Morocco	\$150,000,000		Jan 10
South Africa	\$500,000,000		Jan 10
Middle East and North Africa	\$750,000,000		Jan 10
Philippines	\$250,000,000		Jan 10
Thailand	\$300,000,000		Jan 10
Ukraine	\$350,000,000		Mar-2010
Vietnam	\$250,000,000		Jan 10
Total	\$4,350,000,000	\$434,000,000	

Fast start finance for 2010-2012

In Copenhagen, developed countries announced commitments for fast start finance that cumulated to USD 30 billion for the period 2010-2012. Although countries reiterated their individual pledge (e.g.as endorsed in the European council conclusions of March 2010¹³) only few countries specified through which channels they intend to fulfill their overall commitments. In these council conclusions, the European Union and its member states stated they will present a preliminary state of play report on fast start finance at the meeting of the subsidiary bodies of the UNFCCC in June 2010. The draft report endorsed by the council however does not provide any numbers on specific commitments by individual EU member countries. Instead it presented a list of top five multinational institutions chosen by member states for the fulfillment of their commitments (GEF, Forest Carbon Partnership Facility, Climate Investment Funds, Adaptation Fund and Inter American Development Bank). While moderate pledges to the Adaptation Fund where announced by Spain and Germany in the last months (USD 60 and 15 million respectively) it is unclear how much of the pledges to the Climate Investment Funds can be counted

¹³ European Council Conclusions March 25-26 2010: Climate Change – Refocusing our efforts after Copenhagen
http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/113591.pdf

towards fast start finance, since they partly date back to 2007 (e.g. GBP 800 million, UK¹⁴) or were made at least prior to 2010. This uncertain situation however is not limited to the EU pledges for the CIFs. The US pledge of USD 2 billion to the CIFs was previously announced in January 2009.¹⁵ Concerning the EU's preference for the GEF as a mechanism to deliver fast start finance it is unclear through which GEF instruments this financing should be channeled and if the EU will count its GEF-5 replenishment commitments – a process that started in 2008 - towards fast start financing and if so how they will break down their overall commitments to the climate change focal area. A further area which is undefined is the channels through which funding will flow that is directed to the Inter American Development Bank.

Most of the pledges that were announced in early 2010 were directed towards REDD+. The REDD+ Interim Partnership received commitments of USD 4.58 billion and is aiming for overall commitments in the order of USD 5 billion at the Oslo Forest and Climate Change Conference on 27 May 2010.¹⁶ (For detailed structure of financing for REDD please see below.)

In comparison to the huge commitments that were directed towards forests, pledges for adaptation and capacity building were rather limited in the months past Copenhagen. Although multilateral funding instruments for Adaptation exist, the EU announced in its preliminary report on fast start finance that while support to mitigation and adaptation in developing countries will require additional resource mobilization from a wide range of financial sources, including private sources, ODA will continue to play a role, particularly in support for adaptation, including disaster risk reduction, in the most vulnerable and least developed countries.”¹⁷. The US also announced that funding “to help the most vulnerable countries adapt to climate impacts and to partner with countries on mitigating their emissions will mostly come through USAID, however they announced and provided new funding of USD 30 million to the LDCF and USD 20 million to the SCCF in 2010 as well as requested an additional USD 50 million for the LDCF and SCCF in 2011.”¹⁸

A key question whether the fast start finance commitments will be additional to ODA. While Australia in its recent budget measurements announced that all of their fast start finance commitments will be counted towards ODA¹⁹, the EU still does not seem to have a common position on this issue.

The graph below sketches the funding commitments that will possibly be counted towards fast start finance by depicting recent commitment announcements. As shown in the section above the options for channeling funding are numerous. As long as governments do not explicitly outline which of their commitments are counted as fast start finance the funding flows will not be transparent.

¹⁴ See House of Commons (2008) Environmental Audit Third-Report paragraph 45

<http://www.publications.parliament.uk/pa/cm200708/cmselect/cmenvaud/149/14908.htm#n65>

¹⁵ Trustee information note Meeting of the CTF Trust Fund Committee January 27 2009 Document Nr. CTF/TFC.2/Inf 2

http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CIF_Trustee_Information_Note_Jan_2009%5B1%5D.pdf

¹⁶ Government of Norway - What we could achieve at the Oslo Climate and Forest Conference

http://www.regjeringen.no/upload/MD/sub/oslocfc2010/dokumenter/about_oslocfc2010_eng.pdf

¹⁷ European Council “Preliminary state of play on EU and Member States fast start finance”

<http://register.consilium.europa.eu/pdf/en/10/st09/st09437.en10.pdf>

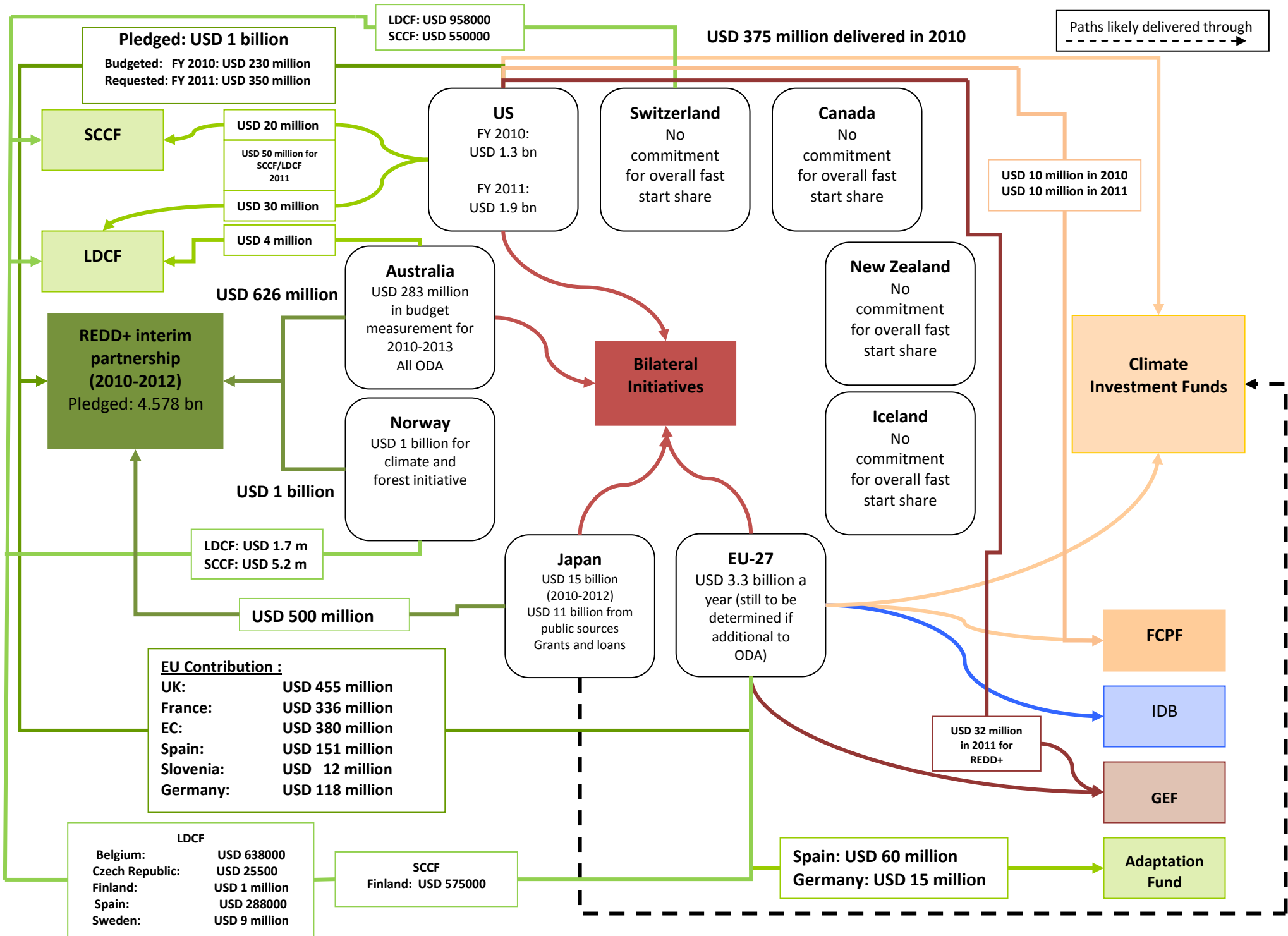
¹⁸ US budgetary fact sheet “A commitment to Implementing the Copenhagen Accord

<http://www.state.gov/documents/organization/140689.pdf>

¹⁹ Australian Government – Budget 2010-2011 Part 2: Expense Measures Climate Change and Energy Efficiency

http://www.budget.gov.au/2010-11/content/bp2/html/bp2_expense-05.htm

Fast start finance



REDD Financing – what financing has been pledged and who is receiving funding?

Whilst the Copenhagen Accord pledged USD 30 billion over the period between 2010 and 2012 for fast start financing and USD 100 billion in the longer term, the only mitigation actions where partial financing has been pledged for this period are for REDD+.

In Copenhagen, Australia, France, Norway, Japan, UK and US committed themselves to deliver USD 3.5bn for REDD over the 2010-2012 period. This commitment was reiterated and increased to USD 4.5bn by countries represented at the Forest Conference organized jointly by France and Norway that took place in Paris on 11 March 2010.²⁰ The Norwegian Prime Minister also said in early May that this amount would likely be increased during the Ministerial talks in Oslo on the 27 May to \$5 billion.²¹ Furthermore, calls for at least 20% of funding going towards REDD have been proposed, which will result in about \$6 billion going towards REDD+.²² However, the numbers proposed by analysts suggest that what is needed for REDD is much higher than this, for example, estimates range from €15-33 billion (USD11-26 billion) by 2020 to reduce deforestation by 2030.²³ How this amount for REDD relates to the overall mitigation envelop is still to be defined as well as how much of this is public or private money or both. Furthermore, the aim of finding a balance between mitigation and adaptation in the overall fast-start money is not evident.

The Paris/Oslo initiative as it has initially been called was developed so that Ministers and other high level officials could discuss interim arrangements for REDD and a joint Partnership. A meeting was held in Paris in March 2010 and another meeting will be held on the 27 May in Oslo. In 2009, an Informal Working Group on Interim Finance for REDD called for interim arrangements on financing to be put in place.²⁴ The REDD+ Partnership decided in March to establish such a framework to enable REDD+ actions to be scaled up including financing and to coordinate existing initiatives and financial instruments.²⁵ While the Partnership document does not attempt to prejudge the negotiations under the

²⁰ UK (2009). Agreement on \$3.5 billion initial funding for REDD, 16 December 2009 <http://faoclimatechange.wordpress.com/2009/12/16/agreement-on-3-5bn-initial-funding-for-redd/> and Point Carbon: France Calls for More Climate Funding, 11 March 2010

²¹ The Wall Street Journal About \$5 bn seen for forests in climate plan, 5 May 2010 <http://www.livemint.com/2010/05/05155201/About-5-bn-seen-for-forests-i.html>

²² UK and France proposed that 20% of EU fast-start financing on climate change should go to reducing deforestation.

http://www.cifor.cgiar.org/publications/pdf_files/cop/cop15/FD3-summary-report.pdf

²³ The Informal Working Group on Interim Finance for REDD called for €15-25 billion to be made available for the 2010-15 period for results based incentives and capability building, complementing other REDD+ efforts which would achieve a 25 per cent reduction in annual global deforestation rates by 2010-15. Report of the Informal Working Group on Interim Finance for REDD (IWG-IFR), 27 October 2009. The Eliasch Review prepared for the UK Government, estimated financing required finance to halve emissions from the forest sector to 2030 could be around \$17-33 billion per year, however this estimate is based on inclusion of REDD in global carbon trading. Climate Change: Financing Global Forests The Eliasch Review, 2009. Project Catalyst estimated the opportunity costs to achieve reductions of 3.5-4 Gt by 2020 is likely to be in the order of €15-35 billion, or an annual average of €8-18 billion per year between 2010 and 2020 Project Catalyst Towards the inclusion of forest-based mitigation in a global climate agreement, May 2009.

²⁴ The IWG IFR member countries are Argentina, Australia, Brazil, Cameroon, Canada, Colombia, Democratic Republic of Congo, Costa Rica, Denmark, Ecuador, European Commission, France, Gabon, Germany, Ghana, Guatemala, Guyana, Indonesia, Italy, Japan, Madagascar, Malaysia, Mexico, Netherlands, New Zealand, Norway, Panama, Papua New Guinea, Peru, Suriname, Sweden, Thailand, Uganda, UK, and USA.

²⁵ REDD+ Partnership adopted, <http://www.oslofc2010.no/documentslinks.cfm> REDD+ Partnership countries as of April 15 - Developing countries: Argentina, Brazil, Cambodia, Cameroon, Colombia, Costa Rica, DRC, Ethiopia,

UNFCCC, it states that the Partnership will be subsumed or replaced by a REDD mechanism when it is agreed under the UNFCCC.²⁶

REDD financing has had a longer history than other mitigation actions because of the attention brought to it through other multilateral initiatives such as the World Bank's Forest Carbon Partnership Facility announced at the Bali climate change conference in 2007 and the UN-REDD programme a collaboration between the FAO, UNDP and UNEP established in June 2008. The aim of both these funds is to prepare countries for positive incentives for reducing emissions from deforestation and forest degradation. Furthermore, the Forest Investment Program, another World Bank program (part of the Strategic Climate Fund, a multi-donor Trust Fund within the World Bank's Climate Investment Funds), established in 2008 has as its objective to mobilize funds for REDD and to promote sustainable forest management.²⁷

Since 2002, 11 REDD projects in the voluntary carbon market have transacted 3.1 MtCO₂, or 24% of the total volume of shares generating USD 41.6 million.²⁸ These projects have not been exclusively in developing countries, with five of the 11 projects in Latin America and the rest in North America, Africa, Asia, and Australia. While the voluntary carbon market has some quality control standards, these are often voluntary and not UNFCCC approved nor favoured by Governments. They may also generate problems with regard to double counting. The Noel Kempff project in Bolivia, which is one of the few avoided deforestation projects undertaken is often seen as a showcase for subnational projects has been found to have lower emission reductions than estimated by the project proponents. Project proponents estimated 55 million tones of CO₂ emission reductions over the lifetime of the project which has been revised down to "up to" 5.8 million metric tonnes of CO₂ as well as leakage of between 42-60%.²⁹

The table below shows the programmes where investment on REDD and forests is occurring and where the money is being distributed to developing countries.

Gabon, Ghana, Guyana, Indonesia, Mexico, PNG, Suriname and Vietnam and developed countries: Australia, Canada, Denmark, European Commission, Finland, France, Germany, Japan, Norway, Spain, Sweden, Switzerland, UK and USA.

²⁶ ibid

²⁷ Climate Funds Update 2009 Forest Investment Program <http://www.climatefundsupdate.org/listing/forest-investment-program>

²⁸ Ecosystem Marketplace (2009) State of the Forestry Carbon Market 2009: Taking Root and Branching Out, Washington DC.

²⁹ Greenpeace (2009) Carbon Scam: Noel Kempff Climate Action Project and the Push for Sub-national Forest Offsets

Countries	World Bank's Forest Carbon Partnership Facility (FCPF)	UN-REDD Programme	Forest Investment Program (FIP)	Bilateral /Other
Argentina~	R-PP submitted (Apr-12-2010)	Observer country		
Bolivia^	R-PIN submitted (Mar-8-2008)	USD 4.7 million for Bolivia		Denmark (in Bolivia)
Bangladesh				
Brazil*~				Norway Forest Fund Brazil (Amazon Fund) – up to 1bn USD mn~ by 2015
Burkina Faso			Selected as a pilot country at the FIP Sub-Committee Meeting March 17, 2010	
Cambodia~	R-PIN submitted	Observer country		
Cameroon*~	R-PIN submitted Jun-31-2008			
Central African Republic^	R-PIN submitted Feb-16-2008			
Chile^	R-PIN submitted Mar-8-2008			
Colombia*~	R-PIN submitted			
Costa Rica*^~	R-PP submitted Apr-2010 USD 200,000 grant for R-PP	Observer country		
Democratic Republic of Congo^~	USD 3.4 million for readiness preparation,	USD 1.8 million for DRC		France (in Congo Basin)
Congo, Republic of*^	R-PP submitted Apr-19-2010 USD 200.000 grant for R-PP	Observer country		France (in Congo Basin)
Dominican Republic^				
Ecuador		Observer country		
El Salvador	R-PIN submitted Feb-16-2009			
Equatorial Guinea	R-PIN submitted Dec-15-2008			
Ethiopia~	R-PIN submitted Jul-30-2008 USD 200.000 grant for R-PP			

Fiji^				
Gabon*^~	R-PIN submitted May-15-2008 USD 200,000 grant for R-PP			
Ghana~	USD 3.4 million for readiness preparation,		Selected as a pilot country at the FIP Sub-Committee Meeting March 17, 2010	Netherlands (in Ghana)
Guatemala^	R-PIN submitted Dec-15-2008			
Guyana^~	USD 3.6 million for readiness preparation			Norway Forest Fund Guyana Redd+ Investment Fund million Up to ~280M USD by 2015 UK (in Guyana)
Honduras	R-PIN submitted Feb-12-2009			
Indonesia*~	USD 3.6 million for readiness preparation	USD 5.6 million approved budget for UN- REDD Indonesia	Selected as a pilot country at the FIP Sub-Committee Meeting March 17, 2010	Australia's forest fund It incorporates \$30 million for the Kalimantan Forests and Climate Partnership and a \$10 million bilateral package of support for Indonesia on forests and climate.
Kenya	Draft R-PP submitted Apr-22- 2010 USD 200,000 grant for R-PP	Observer country		
Lao People's Democratic Republic	R-PIN submitted Jun-12-2008 USD 200,000 grant for R-PP		Selected as a pilot country at the FIP Sub-Committee Meeting March 17, 2010	
Lesotho				
Liberia	R-PIN submitted May-30-2008 USD 200,000 grant for R-PP			
Madagascar	Draft R-PP submitted Jan- 2010			
Malaysia*				
Mexico~	USD 3.6 million for readiness preparation	Observer country		
Mozambique	R-PIN submitted March 8-2008			
Nepal	R-PP submitted Apr-19-2010 USD 200,000 grant for R-PP	Observer country		

Nicaragua [^]	R-PIN submitted Jul-23-2008			
Nigeria		Observer country		
Panama [^]	USD 3.6 million	USD 5.3 million		
Papua New Guinea (PNG)* ^{^~}	R-PIN submitted Jul-18-2008	USD 3.8 million		Australia's forest fund AUD3 million in initial funding which includes technical, scientific and analytical support for whole of government policy development and the design of Papua New Guinea's carbon monitoring and accounting systems.
Paraguay	R-PIN submitted Jul-30-2008	National Joint Programme Updates – 2 nd Policy Board meeting		
Peru*	R-PP submitted Apr-2010		Selected as a pilot country at the FIP Sub-Committee Meeting March 17, 2010	
Philippines		Observer country		
Samoa				
Solomon Islands [^]		Observer country		
Sri Lanka		Observer country		
Sudan		Observer country		
Suriname [~]	Draft R-PP submitted Jan- 2010			
Tanzania	Draft R-PP submitted Apr-15- 2010	USD 4.3 million		Norway Forest Fund USD eq 114 million
Thailand	R-PIN submitted Mar-8-2008			
Uganda	R-PIN submitted Jul-30-2008 USD 200.000 grant for R-PP			
Uruguay				
Vanuatu [^]	R-PIN submitted Jul 29-2008			
Viet Nam ^{^~}	R-PIN submitted Mar-8-2008 Grant agreement still to be signed:	USD 4.3 million		

	USD 200,000 FCPF preparatory grant			
Zambia		Zambia Mission Report, 28-29 September 2009 Zambia Progress Report, September 2009 National Joint Programme Updates – 2 nd Policy Board meeting USD 4.5 million		
TOTAL funding	Target for 37 REDD country participants in the Readiness Fund = USD 185 million. Carbon Funds target of USD 200 million	Deposited: USD 54.1 million		

* Country participants of Forest-Eleven

^ Country participants Coalition of Rainforest Nations see:

<http://www.rainforestcoalition.org/eng/countries/index.php>

~ Country participants in the REDD+ Partnership

R-PIN : Readiness Plan Idea Note

R-PP : Readiness Preparation Proposal

Sources:

FIP pilot countries:

<http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Summary%20of%20Co-Chairs%20FIP%20SC%20March%202010%20FINAL.pdf>

R-PP grants

http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/FCPF_Intro_Early_Lessons_Guyana_Final%20_04-21-10.pdf

UN-REDD programme

http://www.undp.org/mdtf/un-redd/projects_approved.shtml

Developed Countries REDD financing

In addition to the FCPF, the UN-REDD Programme and the Forest Investment Programme many developed countries have provided funds through bilateral Initiatives. Australia and Norway established initiatives that only focus on funding for forests, REDD and REDD+. Other country initiatives provide money on a project basis (USAID, Germany's International Climate Initiative, Japan's Cool Earth Partnership) or fund single programs (UK's Environmental Transformation Fund provides GBP 50 million for the Congo Basin Fund). The tables below show the funding pledged to forests by Australia and Norway.

Country Initiatives

Australia's International Forest Carbon Initiative	
Purpose	Pledge
Indonesia-Australia Forest Carbon Partnership	AUD 40 million
Sumatra Forest Carbon Partnership	AUD 30 million
Bilateral package of support to Indonesia on forests and climate	AUD 10 million
Papua New Guinea-Australia Forest Carbon Partnership	up to AUD 10 million
World Bank's Forest Carbon Partnership Facility	AUD 11.9 million
World Bank's Forest Investment Program	AUD 10 million
<i>Asia Pacific Forestry Skills and Capacity Building Program</i>	AUD 15.8 million
Research partnership on REDD with CIFOR	up to AUD 3 million
Development of concept models for demonstration activities	up to AUD 1.5 million
Total	AUD 132.2 million
Paris/Oslo Fast Start Financing for REDD	USD 626 million

Source: <http://www.climatechange.gov.au/government/initiatives/international-forest-carbon-initiative.aspx>

Norway's Climate and Forest Initiative	
Purpose	Pledge
Amazon Fund	USD 1 billion to 2015
Guyana	USD 280 million to 2015
Tanzania	USD eq 114 million
UN-REDD programme	USD 82 million
FCPF	USD 40 million
FIP	USD 150 million (2010-2012)
Congo Basin Forest Fund	USD eq 81 million
International Tropical Timber Organization	USD eq 8 million
Support to civil society, research and evaluation through Norad	USD eq 57 million
Total	USD 1812 million
Paris/Oslo Fast Start Financing for REDD	USD 1 billion

Source: <http://www.regjeringen.no/en/dep/md/Selected-topics/climate/the-government-of-norways-international-.html?id=548491>

Talking points for LDC & SIDS negotiators

- Will the GEF-5 replenishment commitments be counted towards fast start finance?
- In the early GEF-5 replenishment scenarios considered funding of USD 500 million to USD 1 billion to be attributed to the LDCF and SCCF. How will the funding situation of these two funds develop with the current GEF-5 replenishment that is well behind the scenarios used in the negotiations towards the final replenishment?
- How will it be ensured that priority will be given to countries most vulnerable to climate change with least capacities ? How will access to funding be designed in a fair, efficient, expeditious, transparent and equitable manner?
- How will it be ensured that the established Climate Investment Funds of the World Bank do not lock in capital that will need to be available for the financial mechanism under the Convention? Currently pledges for these mechanisms are well over 60% of available multilateral funding and reached a volume that will make a closure of operation after the establishment of an UNFCCC mechanism increasingly unrealistic.
- The preliminary EU report on fast start finance fell short on being transparent. How can the reporting for fast start finance commitment fulfillments be designed in a way that these commitments are measurable, reportable and verifiable?
- Why are the existing financial mechanisms (Adaptation Fund/LDC Fund/Special Climate Change Fund)of the UNFCCC for funding adaptation and capacity building are not used more extensively to deliver money directed towards these areas?
- How can it be ensured that there is a well defined balance between funding for Mitigation and Adaptation? The lion share of fast start commitments is currently being directed towards REDD+ or Mitigation.
- Fast start funding commitments should be additional to existing ODA commitments.
- If the Copenhagen Green Climate Fund (CGCF) is established, where does it fit into the existing institutional framework for climate finance? In particular, where does it relate to the Adaptation Fund?
- Some countries have announced to pay their fair share of the overall commitment of USD 30 billion for the period 2010-2012, but did not specify a share, will countries come forward and deliver this agreed amount? .

- What is the legal nature of countries' financial commitments agreed upon in Copenhagen? This status will be decisive in designing MRV provisions of support by developed countries to developing countries.
- What about adding an appendix III with fast-start pledges by developed countries to the negotiating text?
- Fast start financing should be additional to ODA, how will double counting be avoided between country initiatives and existing multilateral funds?
- MRV for support is essential to avoid issues like double counting and to make sure countries commit to the pledges they have offered. MRV of support is essential to build trust that money will be delivered.

Further Information

Adaptation Fund

Financial Status

<http://www.adaptation-fund.org/>

http://www.adaptation-fund.org/system/files/AF_Financial_Status_Report_Jan%2031%202010%20-%20Final.pdf

Least Developed Country Fund

Status of Contributions

http://www.thegef.org/gef/sites/thegef.org/files/publication/LDCFfactsheets09_0.pdf

<http://thegef.org/gef/sites/thegef.org/files/documents/Status.Report-SCCF.pdf>

Special Climate Change Fund

Status of Contributions

http://www.thegef.org/gef/ldcf_sccf

<http://thegef.org/gef/sites/thegef.org/files/documents/Status.Report-SCCF.pdf>

Climate Investment Funds

Status of Contributions

<http://www.climateinvestmentfunds.org/cif/>

http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CIF%20Pledging%20table%20as%20of%203-31-10_043010.pdf

Forest Carbon Partnership Facility

Status of Contributions

<http://www.forestcarbonpartnership.org/fcp/>

http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Dec2009/FCPF_FY09_Annual_Report_12-08-09.pdf

UN-REDD Programme Fund

Status of Contributions

<http://www.undp.org/mdtf/un-redd/overview.shtml>

http://www.undp.org/mdtf/un-redd/pledges_commitments_deposits.shtml

Millennium Development Goals

Achievement Fund

<http://www.mdgfund.org/>

Global Environmental Facility

GEF-5 Replenishment

GEF-5 programming document

Report on the Completion of the

Strategic Priority on Adaptation

<http://www.thegef.org/gef/>

<http://www.thegef.org/gef/node/3010>

<http://www.thegef.org/gef/sites/thegef.org/files/documents/GEF.R.5.31.pdf>

<http://72.26.206.151/gef/sites/thegef.org/files/documents/C.34.8%20Report%20on%20the%20Completion%20of%20the%20SPA.pdf>

The REDD+ interim partnership

Current Pledges

<http://www.oslocfc2010.no/pop.cfm?FuseAction=Doc&pAction=View&pDocumentId=24467>

<http://www.climateregistryoption.org/uploads/download?fileId=9>