How do we finance this?
Multilateral Funds

- Created at supranational level
- Require extensive coordination among stakeholders and donors
- May entail complex procedures
Regional Funding Opportunities

- EU Member States: European Regional Development Fund
  - Funds 4 priorities including low-carbon economy
- Non-EU Member States: European Neighbourhood Instrument
  - €15 billion for 2014-2020
  - Example: PL-BY-UA Cross-Border Cooperation
- Danube Transnational Programme
  - Launched 2015 with a budget of €271 million
  - Funds projects aligned with EU Strategy for Danube Region
- European Investment Bank
  - Covers afforestation, reforestation, forest rehabilitation and protection, wood processing, timberland funds, and REDD+
Public Domestic Financing

• Derived from revenue (taxes)
  ▪ Advantage: greater stability and predictability
  ▪ Taxes can encourage/discourage behaviour

• Redistribution of tax revenues for FLR
  ▪ Subsidies
  ▪ Results-based payments
  ▪ Replenishing a national reforestation or adaptation fund, etc.
Private Financing

- Operational level (e.g., timber companies): motivations
  - Consumer awareness
  - Improved access to the capital market
- Institutional investors: financial intermediaries
  - Pension funds, insurance companies, mutual funds
  - Portfolio diversification
  - Attractive returns over the medium- to long-term
  - Shift in focus from North America to “new” regions
- Aversion to low returns, risk, unclear policies/laws/tenure
Which is the best source?

It depends...

- Upper income country or EUMS → EUDF, private
- Middle income country or EU non-MS → EUNP, Multilateral
- Activities store carbon/increase resilience → GCF, Adaptation Fund
- Activities are part of government mandate → Public domestic finance
- Activities are transformational/innovative → Bilateral, multilateral
- Activities generate income → Private finance
- Need money short term → Public international
- Need long-term financing → PES, RBPs, private
Short versus long-term finance

- GEF
- Regional funding
- GCF
- Public subsidies
- PES, RBPs
- Private investments

Project

Programme

Short term

Long term
Synergies and Complementarities

- Co-financing and blended financing
  - Public finance as a leverage for private finance (guarantees, equity, creating enabling environment)
  - Co-financing as a condition for multilateral finance

- National forest financing strategies: a “basket” approach
  - Tailor-made solutions
  - Maps different sources of financing for FLR
  - Includes roadmap to unlocking and/or designing financing sources
The Global Forest Financing Facilitation Network

Promote the design of forest financing strategies

Build capacity in project design and formulation

Clearinghouse on existing, new and emerging financing opportunities
Thank you!

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