

## **The REDD+ Acceleration Facility (RAF): Scaling Finance for Tropical Forest Protection**

### **i. Title/Heading**

The REDD+ Acceleration Facility (RAF): Scaling Finance for Tropical Forest Protection

### **ii. Context and rationale**

Protecting tropical forests may represent the greatest and most cost-effective opportunity to turn the corner on global greenhouse gas emissions this decade. A critical step to reverse deforestation is to put a value on, and drive investment to, standing forests and the carbon stocks they contain. But large-scale and long-term forest carbon finance will not appear on its own. Tropical forest jurisdictions need predictable demand before making investments in emissions reduction programs. Meanwhile, potential buyers need a ready and accessible supply of forest carbon credits – along with assurance that credits are high quality. The REDD+ Acceleration Facility (working title; RAF) aims to meet these needs to unlock forest carbon finance at scale.

### **iii. An overview of the contribution.**

The RAF is a new non-profit organization launching in 2019 that will serve as an intermediary that aggregates buyers and sellers of top-quality REDD+ credits. The RAF will help catalyze forest carbon markets alongside a new jurisdictional REDD+ standard in development to guarantee high environmental and social integrity and consistency with UNFCCC decisions, including the Paris Agreement, Warsaw Framework, and Cancun Safeguards.

The RAF will provide a simple and reputable means for private and public buyers to access jurisdictional REDD+ credits at large scale. RAF will in turn provide forest jurisdictions with a guaranteed source of demand and streamlined access to diverse buyers. Public donor funds will enable RAF to provide jurisdictions with purchase commitments through a guaranteed minimum price. Jurisdictions will also receive additional market upside if the RAF is able to sell credits to private entities above the floor price level. The RAF will also use a variety of contracts, including call/put options, to address market uncertainties facing both buyers and sellers and help unlock transactions during the currently pre-commercial market.

### **iv. How the contribution leverages living natural systems as a solution to avert climate change?**

The RAF aims to channel large-scale finance towards the protection and restoration of tropical forests through purchases of high-quality jurisdictional REDD+ credits. A combination of dramatic efforts to reduce tropical deforestation, restore forests and implement sustainable land management can contribute up to one-third of the climate solution the world needs in the next two decades.

### **v. How might the contribution support both climate, mitigation and adaptation as well as other important co-benefits and social, economic and environmental outcomes in coming years including:**

- a. Reduction in carbon emission and carbon capture (GTonnes)
- b. Increasing climate resilience
- c. Social impact (job increase; poverty reduction, etc.)
- d. Net economic impact (total in US\$; how was it achieved?)
- e. Impact on realization of the 2030 Agenda for Sustainable Development (in particular SDGs 1,2,6,12,13,14,15,16)
- f. Just transition
- g. Food security
- h. Minimising species extinction and ecological losses and fostering an increase of biodiversity.

The RAF will provide results-based finance per ton of carbon dioxide emissions reduced, based on a rigorous standard for jurisdictional REDD+ credits. Protecting tropical forests secures the planet's biodiversity and ecosystem services. Millions of indigenous peoples and local communities depend on forests for not only their livelihoods, but also their way of life, culture, and valuable knowledge. By financing forest conservation, RAF will support directly SDGs 13 and 15 and, more indirectly, SDGs 2, 3, and 6.

**vi. Which countries and organisations are involved in the contribution?**

Current collaborators in the RAF are Environmental Defense Fund (EDF), Norway's International Climate and Forest Initiative (NICFI), and the Rockefeller Foundation. Norad, Packard Foundation and other philanthropic donors have also supported RAF's development. The RAF team is collaborating with Conservation International on a proposal to the Green Climate Fund, which shortlisted RAF under its Mobilising Funds at Scale RFP. National and subnational forest jurisdictions, as well as major energy companies, airlines, and other potential buyers, have indicated interest in transacting via RAF.

**vii. How have stakeholders (for example indigenous peoples, local communities, and youth) been consulted in developing the contribution?**

We have consulted with jurisdictional governments, regulators, public and multilateral funders, private sector buyers, and other REDD+ stakeholders in developing the RAF strategy. On May 1, the RAF was presented to the Governor's Climate and Forest task force in Colombia, including to representatives from indigenous organizations. The new standard in development will also go through a public comment period over the coming months. Most importantly, eligibility with the new standard will require REDD+ programs to include consultations in line with the Cancun Safeguards as well as other best practices.

**viii. Where the contribution can be put into action?**

The RAF will be able to contract with any tropical forest national or subnational jurisdictions that can reduced emissions according to the new standard. The initial suppliers are likely to be countries already implementing REDD+ programs either through bilateral partnerships with public donors or through multilateral programs such as the Forest Carbon Partnership Facility (FCPF) or UN REDD+.

**ix. How the contribution will be delivered? How will different stakeholders be engaged in its implementation? What are the potential transformational impacts?**

Backed by public and philanthropic donors and with additional capital from the sale of (call) options on credits to private buyers, the RAF will enter into long-term purchase agreements with jurisdictional REDD+ programs. As REDD+ credits are delivered, the RAF will seek to maximize finance for forest jurisdictions, either by selling credits to compliance or voluntary buyers or purchasing (and retiring)

credits at a floor price. RAF aims to channel all revenues and surplus (above the floor price) to supplier benefit sharing and additional credit purchases after covering its expenses to ensure financial sustainability.

Together with the standard to guarantee high environmental and social integrity, the RAF will build demand from companies, governments, and other sources to finance high-quality REDD+ outcomes at scale. Expanding an international compliance market for REDD+ could channel tens of billions of additional dollars to forest protection over the next decade. Growing voluntary demand could contribute further finance at large scales.

- x. Is this initiative contributing to other Climate Action Summit work stream (industry transition; energy transition; climate finance and carbon pricing; infrastructure, cities and local action; resilience and adaptation; youth and citizen mobilization; social and political drivers; mitigation strategy)?**

This initiative contributes to climate finance and carbon pricing. By enabling and demonstrating internationally transferred mitigation outcomes (ITMOs) under the Paris Agreement, the RAF will also support high-integrity international carbon markets and results-based payments beyond REDD+.

- xi. Examples of experiences to date: how does this contribution build upon this experience? How does the contribution link with different ongoing initiatives?**

The RAF will build on the experience of existing REDD+ financing programs, such as FCPF, by helping expand high-integrity markets for credits. What distinguishes the RAF from prior funds is its focus on pre-compliance buyers as well as on helping accelerate regulatory and market conditions for high-quality jurisdictional REDD+ credits.

- xii. Communication strategy.**

At the Summit, we intend to launch the RAF and showcase the full “value chain” of the initiative, including high-level representatives from the RAF team and Board, public/philanthropic funders, private sector buyers, tropical forest jurisdictions, and other stakeholders. A professional communications team will plan the launch and associated PR. A key audience is companies looking to reduce emissions by buying carbon credits, including airlines, multinational energy companies, and other buyers looking for large numbers of credits, while avoiding reputational risk from units of uncertain quality. The other primary audience is government representatives from forest countries in the process of developing jurisdictional REDD+ programs that may have credits to sell.

- xiii. Contact details of proponents (indicating the degree of commitment among the countries and organizations that are named).**

Environmental Defense Fund (Ruben Lubowski, Chief Natural Resource Economist, [rlubowski@edf.org](mailto:rlubowski@edf.org)): High

Climate and Forest Capital (Eron Bloomgarden, [eron@climateandforest.com](mailto:eron@climateandforest.com)): High