



COMMUNITY OF PRACTICE/WEBINAR

Unlocking sustainable solutions for effective REDD+ Result Based Financing in Africa

15th April - 10th May 2024, via Howspace, a UN-REDD Academy platform for learning and knowledge sharing

Daily moderated sessions: 11.00a.m - 2.00p.m Nairobi time/ 8.00a.m-11.00 am GMT

1. RATIONALE

Africa's forests cover more than 636.639 million hectares, accounting for 20.6% of the continent's landmass (FAO, 2020). These forests are therefore crucial part of the forest solutions to climate change (mitigation, adaptation, and resilience), with expected contribution to the UN-REDD goal of one gigaton of CO₂e emission reductions/enhanced removals, per year, by 2025.

Globally, but it is especially true in Africa, countries are not making sufficient mitigation progress within their Agriculture, Forestry, and Other Land Use (AFOLU) sector. Despite efforts to curb tropical deforestation – including reducing demand for deforestation-linked commodities and implementing sustainable production practices – deforestation of primary forests increased by 12% between 2019 and 2020 worldwide. Between 2010-2020, Africa recorded the highest annual rate of net forest loss with 3.9 million hectares as compared to Asia and South America (FAO, 2020). In Central and West Africa, the area deforested has doubled in the last decade (with forest cover loss increasing from 1,631,000 ha between 2000 and 2010 to 3,897,000 ha between 2010 and 2020) (FAO, 2020). According to Global Forest Watch, the Democratic Republic of Congo (DRC), for example, lost 1.22 million ha of natural forests in 2022, equivalent of 821 MtCO₂e emission. The country has exhibited a consistently high rate of primary forests loss with an average of 500,000 ha lost yearly since 2016. This unprecedented high rate of deforestation could have been precipitated by some of the challenges facing the forestry sector in the continent, including conflicting and competing land use policies, unsustainable planning and practices, low priority in public budgeting, and lack of incentives in reducing demand for deforestation-linked commodities, in addition to weak implementation of sustainable production practices.

Promoted since 2007 as a nature-based solution aiming to mitigate climate change with adaptation benefits through a result-based payment mechanism, REDD+ is yet to generate tangible results at scale in Africa. One of the main reasons justifying the slow but steady progress of the REDD+ process in Africa is the limited financial investment in generating the required mitigation results and associated high integrity carbon credits produced from reduced deforestation and forest degradation. Hence, the level of results-based finance (RBF) remains below REDD+ countries' expectations and needs. Historically, funding for REDD+ in Africa has come from both public and private funds. Most countries in the Region require significant upfront finance to put in place and effectively implement REDD+ readiness policies and measures, including social inclusion and other relevant safeguard elements needed to generate emissions reductions results. While new carbon finance options are emerging, African countries are struggling with the complex climate finance landscape and associated increasing requirements for its access.

In this context, there is a strong need to strengthen the capacity of African countries to update their financing strategies to better implement and scale up forest-based climate actions in support of their Nationally Determined Contributions (NDCs). The updated financial strategy should also include sustainability and effectiveness of REDD+ implementation on the ground for generating emissions reduction outcomes and carbon credits. Market-based financial sources provide a potential solution by allowing countries to generate revenue from carbon credits to achieve mitigation targets in a flexible and cost-efficient manner. Globally, the carbon markets have been growing exponentially over the last decade. In 2021, the compliance market soared to US\$ 850 billion in value – an increase of 2.5 times compared to its value of 2020 with a total transacted volume of 15 GtCO₂e (Carbon credit, 2021).

The voluntary market reached US\$ 2 billion in value – an increase of 4 times its value of 2020 with a total transacted volume of 500 MtCO_{2e}. The forestry and other land use sector-generated carbon credits also leap 20 times from 2016 to 2022, now valued at approximately US\$1.5 billion and accounting for 46% of traded volume in 2021, up from 28% of market share in 2020 (Shell & BCG, 2023). Voluntary markets are expected to be 5 times bigger by 2030 with a potential of reaching a market value of US\$ 10-40 billion and 0.5 to 1.5 GtCO_{2e} in scale (Trove Research, 2021).

Demand for African-origin carbon credits has grown at a compound annual rate of 36% between 2016 and 2021 (Climate Champion, 2022). Yet, this growth is still at a low pace, and in 2022, the retirement value of African carbon credits was only US\$ 123 million, well below its potential level. Out of the total credits issued worldwide between 2016 and 2021, only about 11% stem from African countries, and the bulk of these came from a few large projects (ACMI, 2022). It is estimated that Africa currently generates only 2% of its maximum annual potential of carbon credits with only a handful African countries including Democratic Republic of Congo, Kenya, Ethiopia, Uganda, and Zimbabwe that successfully accessed carbon markets and results-based finance. This has been explained by the fact that African countries still face challenges in obtaining upfront financing for their REDD+ readiness and implementation. In addition, the level of results-based finance (RBF) either in form of payments or via carbon markets remains very low.

There are opportunities for African countries, on the one hand through enhanced trading of generated and certified REDD+ carbon credits in the context of Article 6 of the Paris Agreement; and on the other hand through nesting or consolidation of project level REDD+ initiatives into jurisdictions (sub-national or national level) as an alternative to avoid or mitigate negative risks while scaling up positive impacts (environmental and social) in contribution to their National Determined Contributions (NDCs) commitments. The emergence of carbon credits as a new market commodity allows for the monetization of Africa's large natural capital endowment. In line with this ambition, the new Africa Carbon Markets Initiative (ACMI) launched at COP27 aims to support the growth of carbon credits production and associated green jobs in Africa. Among other challenges facing African countries, the following could be listed:

- Too many available schemes creating confusion for countries selection;
- The complex approval processes and requirements of result-based financing;
- Poor understanding among African governments of REDD+ nesting;
- The complexity of forest carbon markets requires a variety of standardized factors to be considered, such as national policy targets and legal and regulatory frameworks;
- The need to improve countries' familiarity with all instruments available when drafting national investment frameworks.
- Strategy to better attract private sector increasingly interested by advanced carbon governance/regulations systems that ensure high pricing value and ensure reliable monitoring, reporting, and verification (MRV) structure.

Overcoming these challenges will ensure Africa's long-term sustainability of climate mitigation efforts in the forest sector, through increased financing for REDD+ alongside the development and expansion of forest carbon markets. A first step toward achieving this goal could be by initiating a platform for technical capacity building through discussions, sharing of ideas & experiences, a consensus building on key requirements and approaches to unlock sustainably REDD+ result-based finance in Africa. It is in this context that UN-REDD+ and AFF, through their partnership are co-organizing an innovative four-week long Community of Practice (CoP) approach, integrating both web-based discussion and a series of webinars on "Unlocking sustainable solutions for effective REDD+ Result Based finance in Africa".

2. OBJECTIVES AND OUTCOMES OF THE COMMUNITY OF PRACTICE

The present CoP aims to catalyze a good understanding of REDD+ finance types and sources, as well as a better knowledge of the result-based financing architecture including carbon markets and associated standards, Article 6 of the Paris Agreement, other financial instruments supporting the REDD+ process in Africa. The event will also provide a platform for sharing knowledge products tailored to better address specific capacity needs and priorities of African countries. It will also help to explore opportunities to support countries in deepening their engagement with forest carbon markets, that could contribute to harnessing carbon finance as part of their National climate Action strategy. The discussions will kick off with some basic information on REDD+ process, then continue with a holistic understanding of up-front finance and carbon markets mechanisms (results-based), including its critical role in facilitating well-informed decision-making processes in order to enable the region to diversify its funding sources for enhanced climate mitigation outcomes in the forestry sector.

More specifically, the objectives of the CoP are as follows:

- Enhance knowledge of the REDD+ process and the implementation status in Africa.
- Improve understanding of the importance of REDD+ finance within the framework of the financial instruments for nature-based solutions to climate change.
- Improve understanding of the REDD+ finance types and sources including public upfront finance and results-based finance.
- Equip participants with knowledge of available forest carbon markets (compliance or voluntary),
- Enhance understanding of different carbon schemes and standards (such as the Verified Carbon Standard (VCS), the Climate, Community and Biodiversity Standards (CCBS), ART-TREES, LEAF process etc) as well as requirements including costs . to access them.
- Explore endogenous solutions to overcome the challenges and obstacles faced by African countries in accessing results-based payments.
- Provide elements to better support governments to navigate the complexities of forest carbon markets and REDD+ results-based finance, understand the risks and potentials, and making better investment decisions.
- Share experiences, lessons learned, opportunities and challenges on efforts to leverage finance from various sources to strengthening REDD+ Results based Finance.

3. METHODOLOGY

The (CoP) will be held virtually via **Howspace**, a UN-REDD Academy platform for learning and knowledge sharing from **15th April to the 10th May 2024**. It will adopt a two-tiered approach:

- i. An open-ended web-based discussion using the chat function of the platform, for the whole period of the CoP, where members are invited to share their experiences, ask, or answer questions at their available time;
- ii. A two-weeks long webinar series from 22nd April to 04th May during which the community members will be provided daily with a presentation (webinar) by selected experts on a specific topic as selected for the day, linked to the CoP theme such as per the detailed programme below. The Webinars aim to ensure a comprehensive and insightful exploration of the critical dimension of REDD+ process and finance, stimulate experience sharing among community members, invited guest speakers and experts. Each presentation will be followed by a number of open live discussions and then continued by the chat session on the Platform to allow participants to continue sharing their country and own experiences and learning from other members of the community.

The community members will be invited from across the globe. However, attention will be paid to members from African countries implementing REDD+ program. The members will be identified using the United Nations Climate Change REDD+ Web Platform, where some of the REDD+ focal points or coordinators have been reported. These members will be reached out to through emails and calls. Additionally, social media platforms will be used to advertise the program to attract other interested members.

At the end of each daily webinar, a list of additional resources will be made available to participants to assist those interested in acquiring further information on the subject.

4. SYNOPSIS OF THE 4 WEEKS OF THE COP

Week 1: Web-based discussion using the chat function of the platform on the overview of REDD+ process and finance

The objective of the first week is to bring participants up to speed on the REDD+ process while familiarizing with the Howspace tool. The proposed REDD+ themes discussed daily will be posted at the end of every day, allowing participants to freely access the resources and, via a Chat function, they could type their questions of understanding that will be answered. The main outcome is to:

- Familiarize with the Howspace;
- Build common understanding of participants on REDD+ as one of the best nature-based solution to Climate Change;
- Improve understanding of the REDD+ implementation architecture;
- Enhance knowledge on the progress of REDD+ in Africa;
- Introduce them to the funding mechanisms for climate solutions in general and specifically REDD+.

Week 2: Webinars series and live discussion on REDD+ results-based finance

The aim of the second week is to provide participants with all the fundamentals needed to understand the climate finance environment, and more specifically that of REDD+, with the different mechanisms available, access procedures, etc. Through PowerPoint presentations delivered by keynote speakers with proven expertise on Climate and REDD+ finance, participants at the end of the week would have:

- Improved understanding on international financial mechanisms for REDD+;
- Empowered with a holistic grasp of REDD+ results-based Finance in the context of REDD+ finance;
- Understood the types and financing strategies of carbon markets;
- Gained knowledge on opportunities for Africa to access REDD+ RBF under non-market and market-based approaches;
- Improved knowledge on the provisions of the Paris agreement for accessing sustainable REDD+ result-based finance;
- Improved knowledge on the architecture of the voluntary carbon market: Voluntary carbon credits verification, validation, and issuance.

Week 3: Webinars series and live discussion on jurisdictional REDD+ RBF

The aim of the third week is to enhance participants' knowledge on existing opportunities for strengthening REDD+ RBFs in Africa context and accessibility. At the end of the 3rd week, participants would have acquired better knowledge on financing windows such as:

- Practical issues related to bankable REDD+ projects to access climate finance
- The Forest Carbon Partnership Facility
- SCALE
- LEAF coalition
- REDD+ International Financing and Funding Opportunities in Korea for African Countries
- NatureCo and world Vision (TBC)

The week will end with the introduction to Nesting of REDD+ initiatives as an approach to increasing the attractiveness of carbon financing

[Week 4: Chat exchange on lessons learned, best practices and Roadmap for scaling up REDD+ finance in Africa](#)

The objective of this 4th week is to consolidate, validate and distil the lessons and good practices learned during this CoP. To this effect, the moderator will prepare summaries/synthesis of the key messages to be presented for discussion with participants to provide additional information, and other inputs. At the end, a road map to pave the way for next actions for “*Unlocking sustainable solutions for effective REDD+ Result Based Finance in Africa*” will be designed.

5. DATES

This event will take place from 15 April to 10th May 2024. Both web-based (chat) and webinars sessions will be moderated daily from **11.00 am - 2.00pm Nairobi time/ 08.00 am to 11:00am-GMT** via Howspace.

6. REGISTRATION

Registration for the Community of Practice is open via the following link:

<https://reddacademy.in.howspace.com/unlocking-african-redd-plus-finance>

REFERENCES

- FAO, 2020. Forest Resources Assessment 2020. <https://doi.org/10.4060/ca8753fr>.
- <https://carboncredits.com/a-guide-to-compliance-carbon-credit-markets/#:~:text=cover%20the%20shortfall,-.Compliance%20Carbon%20Market%20Landscape,a%20164%25%20increase%20from%202020.>
- [The voluntary carbon market: 2022 insights and trends - a report by Shell and BCG 2023 \(BCG Carbon Report 03 \(shell.com\)\)](#)
- [Future Size of the VCM, Trove Research, 2021.](#)
- <https://climatechampions.unfccc.int/africa-carbon-markets-initiative/>
- [https://www.seforall.org/system/files/2022-11/ACMI Roadmap Report Nov 16.pdf](https://www.seforall.org/system/files/2022-11/ACMI_Roadmap_Report_Nov_16.pdf)
- <https://gfw.global/47folrY>