



## United Nations Development Programme UNDP's Response to UNFCCC MIT/MTUN/IGO/MWP/ Global Dialogue

In response to the notification [MIT/MTUN/IGO/MWP/ Global Dialogue](#) by the UNFCCC Secretariat dated **4 April 2025**, inviting Observers and other non-Party stakeholders to submit views on opportunities, best practices, actionable solutions, challenges and barriers relevant to the topics of the dialogues in 2025 in accordance with paragraph 14 of decision 4/CMA.4, UNDP is pleased to submit views on **enabling mitigation solutions in the forest sector, drawing on national and regional experience**.

- The *Paris Agreement* recognised **REDD+** as a financial instrument to incentivise countries and subnational jurisdictions for addressing tropical deforestation and forest degradation (Article 5).
- The Global Stocktake decision taken at COP28 reinforced the critical role of REDD+ finance by noting the need for enhanced support and investment for the efforts to halt and reverse deforestation and forest degradation by 2030, in accordance with Article 5 of the Paris Agreement, and specifically referring to results-based payments for REDD+.
- The important role of REDD+, particularly the contribution to countries' NDCs remains significant. While resources like REDD+ results-based payments (RBPs) have materialized, they are still **insufficient for sustained progress over time**. Nonetheless, a sustained flow of finance through RBPs, through the GCF and other bilateral agreements, remains an important opportunity and pathway for countries with REDD+ results.
- The **Tropical Forest Forever Facility (TFFF)**, expected to be formalized at UNFCCC COP-30, is among the latest initiatives to mobilize more climate finance for forests. With an expected USD 100 billion to start, it is expected that USD 25 billion will be contributed by countries. The TFFF will complement existing forest finance mechanisms, including REDD+ and carbon markets, representing a significant additional source of potential funding for tropical forest countries.

### **1. UNDP's Climate and Forests experience supporting countries on forest finance**

Since 2010, UNDP has been assisting countries to develop and implement innovative policies and financial instruments to address deforestation and advance sustainable land and territorial management, in the context of REDD+, and in alignment with their climate and development plans, and more recently, as part of countries' NDCs.

This support, which encompasses social equity and environmental integrity, is delivered through the Climate Promise and with support from the UN-REDD Programme, and comprises three major streams:

- **Investments & incentives:** UNDP supports countries to access REDD+ finance, whether from multilateral funds (particularly the [GCF](#)) or the private sector (through carbon markets and other instruments). Such finance is then channelled to local



stakeholders through incentive mechanisms, such as payments for ecosystem services (PES).

- **Forest landscapes & sustainable trade:** UNDP assists countries to align the climate, agriculture and trade agendas. This complex undertaking includes policy and regulatory frameworks (such as national certification and traceability systems for deforestation-free production), supporting farmers and their cooperatives, engaging international companies, and mobilising green credit.
- **Indigenous Peoples & local communities:** Despite their crucial role as forest stewards, the finance for Indigenous Peoples and local communities is disproportionately low. UNDP is engaged in correcting this imbalance by building mechanisms that enable them to access climate finance for forest conservation and bioeconomy solutions. This includes policy alliances, mobilising public finance (e.g. NDCs community grants, PES schemes, market access), and facilitating community access to public and private finance (e.g. impact investors, philanthropic funds, finance institutions).

Between 2010 and 2025 UNDP has supported:

- 19 countries to complete the requirements of the Warsaw Framework for REDD+ Readiness (including NS/AP, national forest monitoring system, forest reference emissions level, and safeguards requirements), including and an additional 35 sub-national jurisdictions finalizing socially inclusive REDD+ Strategies or Action Plans.
- More than 25 countries to enhance the role of forest-related activities in new or updated NDCs, as well as NDC implementation plans.
- Four countries to implement REDD+ results-based payments from the GCF, with UNDP as Accredited Entity: Brazil (USD 96 million), Costa Rica (USD 54 million), Ecuador (USD 18.5 million) and Indonesia (USD 103.8 million).
- Ghana to structure a financial intermediary agreement with Emergent to receive USD 50 million from the LEAF Initiative.
- Ecuador to launch the first-ever, policy-based, deforestation-free certification and traceability scheme, which is being commercialized by the coffee company Lavazza.
- Over 140 Indigenous or local communities to directly access grants (totaling USD 5.2 million) to implement different aspects of REDD+, from land use planning to benefit sharing methodologies, to enhance climate resilience and safeguard critical ecosystems.

Under the broader framework of [UNDP's Climate Promise](#), interventions in forests and land intersects with other UNDP practices to foster SDG synergies, such as the [Nature Pledge](#), the [Sustainable Finance Hub](#), the [Food & Agriculture Commodity Systems](#), the [Small Grants Programme](#) and the Digital for Nature & Climate initiative.

## 2. **Best practices and solutions to address challenges and barriers to mitigation action in the forest sector, particularly to implement Article 5 of the Paris Agreement**

### ***REDD+ readiness phase and implementing policies and measures***

The REDD+ readiness phase included institutional capacity building, stakeholder engagement, collection and updating of data and information, identifying policies and measures, setting up measurement-reporting-and-verification (MRV) systems for carbon elements and other information systems, including, in particular, safeguard information systems (SIS) for social and environmental safeguards (including gender).

In relation to the readiness process and implementing policies and measures for mitigation action in the forest sector, main lessons and best practices include those listed below. These reflect the messages that emerged from a [S-S exchange amongst REDD+ countries, convened by UNDP](#) in September 2024:

- **The efforts needed to achieve these REDD+ results are often not fully captured in financial terms.** This underscores the need for a **better and more equitable pricing** approach to capture the cumulative costs of direct and indirect activities that contribute to maintaining and increasing forest cover. Additionally, costs for keeping the REDD+ framework operational and **reinvesting in subnational areas** that have successfully reduced deforestation rates remain essential.
- **It is not always necessary to build something new.** Countries can leverage existing groundwork such as strong political will, established REDD+ policy instruments, and national development priorities which include FOLU measures. This entails a set of measures like social forestry, forest law enforcement, forest fire management, forest and mangrove rehabilitation, and Payment for Ecosystem Services (PES) programs.
- **A one-size-fits-all approach is limited in the long run.** To continue to generate REDD+ results, actions and investments must be tailored to their specific goal – efforts to reduce deforestation and forest degradation or achieve emissions reductions must be distinguished from those aimed at promoting and enhancing carbon stocks or achieving emissions removals.
- **Continuous institutional capacity development and coordination at and within the subnational levels** remain a key area to reinvest. Decentralized governance systems bring their own challenges because subnational interests and capacity to respond are not always aligned. Furthermore, the larger the country, the greater the challenges to coordinate REDD+ work between national, subnational, and local contexts.
- **Institutional arrangements and processes continue to require investments** as institutions, among others, take up additional roles and responsibilities related to managing and disbursing RBPs, establishing and implementing benefit-sharing mechanisms, maintaining national registries, and ensuring environmental and social safeguards are addressed and implemented. In some cases, government institutions may be required to access other forms of climate finance, such as those through

market-based mechanisms, or to seek accreditation to access vertical funds themselves.

***Accessing REDD+ results-based payments (RBPs) – based on the experience of UNDP and FAO as Accredited Entities to the GCF to assist countries in accessing and executing RBPs***

- a. **The Green Climate Fund REDD+ Results-Based Payments (RBPs) window was proven to be a cost-effective, incentive-based instrument.** Although complex and requiring a long process (especially for pioneer countries), GCF RBPs have proven to be cost-effective, resulting in:
  - 105 MtCO<sub>2</sub>e actual emission reductions compliant with the Warsaw Framework for REDD+ paid
  - strengthened REDD+ incentives, which have leveraged significant emission reductions to date (11.5 GtCO<sub>2</sub>eq as per UNFCCC Info Hub)
  - additional potential REDD+ results to be generated by actions financed by RBPs, consistent with countries' NDCs and / or REDD+ NS/APs
  - potential indirect mitigation results leveraged by the incentives to other countries to further advance REDD+ in the future, which is highly contingent upon the positive signals of continuous REDD+ RBPs.
- b. **Solid Basis for RBPs:** The REDD+ readiness phase helped countries improve their MRV capacities and develop specific National Strategies/Action Plans (NS/APs) to address deforestation and forest degradation. As of April 2024, 48 countries had REDD+ NS/APs, over 60 had forest reference emissions levels (FRELs), and 31 had submitted Technical Annexes.
- c. **FRELs and Safeguards:** Among countries that submitted FRELs, 21 have a Safeguards Information System, and 27 have submitted Summaries of Information on Safeguards to the UNFCCC.
- d. **Uneven Progress:** Different national circumstances led to uneven progress in generating and reporting REDD+ results. African countries took longer to produce reference levels and report results, with the first African country submitting results after the GCF REDD+ RBPs Pilot Program funds were exhausted.
- e. **Areas of Improvement:** Countries accessing RBPs from the GCF pilot program identified areas for improvement and decided to use part of the proceeds to enhance relevant data, systems, and policies for REDD+ implementation.

***Implementing REDD+ RBP projects/programmes:***

- a. **Paradigm Shift:** Achieving a paradigm shift in land-use patterns requires time and a supportive policy and legal framework. Investments in REDD+ programmes focus on

priority measures identified through comprehensive assessments run in the readiness process. Results are visible over time, beyond the lifespan of individual projects. Policymaking is crucial but hard to measure cumulatively.

- b. **Need for Additional Finance:** Current REDD+ Results-Based Payments (RBPs) are insufficient to transform the sector and cover total REDD+ results. The true cost of reducing deforestation is high, and the value of \$5/t is seen as inadequate to motivate climate action. Only a small fraction of REDD+ results has received payments from the GCF.
- c. **Catalytic Role of GCF RBPs:** Countries use various sources of finance to implement sustainable land-use interventions under a systemic approach. GCF RBPs play a catalytic role in leveraging additional resources and supporting systemic thinking. Developing countries acted on REDD+ with an expectation of support, highlighting the need for predictable finance.
- d. **Unlocking Additional Climate Finance:** GCF RBPs have enabled actions that unlock further climate finance from other sources like the Forest Carbon Partnership Facility's Carbon Fund, carbon markets, bilateral programs, public and private finance. Building a regular funding window can enhance the transformational impact of the GCF Pilot Programme.
- e. **Socially Inclusive and Gender Responsive Finance:** Innovative instruments like PES and green credit lines deliver finance to marginalized local stakeholders, including Indigenous Peoples, women, and youth. Early engagement in the readiness phase ensures equitable and effective participation. Brazil's Floresta+ program integrates social inclusion and gender approaches through its "Communities" modality.
- f. **Delivering Social Co-benefits:** Local climate finance yields additional benefits for forest communities, improving their wellbeing. These benefits are not systematically monitored or reported but could be encouraged in future REDD+ implementations without increasing the burden on countries.
- g. **Strengthening Safeguards:** GCF REDD+ RBPs projects fuelled applying social and environmental safeguards in large scale programs. The requirement for an Environmental and Social Assessment (ESA) in the Funding Proposal led to a concrete methodology for assessing past actions/results. For most projects (e.g., Brazil, Costa Rica, Ecuador, Indonesia), the ESA focused on similar REDD+ actions targeted by RBPs, such as PPCDAm, PES, Socio Bosque, and Social Forestry. Identified gaps through the ESA were transformed into recommendations in the Environmental and Social Management Plans (ESMPs) for these projects.

### **3. Approaches to enable means of implementation for actions and solutions in the forest sector, particularly to implement Article 5 of the Paris Agreement**

**Sustaining support to strengthen countries' enabling frameworks to address the following:**

- Cross-sectoral cooperation among Agriculture, Environment, Finance ministries and implementing entities
- Clarifying and consolidating land rights as they are the heart of forest governance
- Recognize and integrate support from law-enforcement and anti-corruption entities to tackle illegal deforestation and forest crimes, as critical for continue addressing drivers of deforestation and forest degradation
- Upholding IP and LC rights by strengthening capacities to implement Free Prior and Inform Consent when implementing readiness and RBPs
- Sustained Improvements and updating to address data quality and enhance transparency, to meet the requirements for different financing streams.

#### **Accelerate private sector finance through multiple, complementary instruments**

##### **High Integrity Carbon Markets:**

To unlock high-integrity carbon market finance for NDC implementation and SDGs and increase the supply of high-quality carbon credits on a global scale:

- It is critical to ensure that all parties are equally informed and capacitated to strategically engage.
- SDG impacts and social and environmental safeguards should be at the core of carbon programme design and implementation.
- Carbon market investments and benefits should remain in the host countries.
- UNDP is supporting governments to establish enabling policy, regulatory and legal frameworks and institutional capacities for sustainable implementation of high-integrity carbon crediting programmes.
- Integrating the high-integrity guardrails into host countries' decision-making and practices, ensuring their incorporation across all carbon crediting programmes, at project, sectoral and jurisdictional levels, is key.

#### Deforestation-free trade:

- *Promote integrated finance models that combine public and private capital to support deforestation-free production and trade.* UNDP is helping countries develop models that connect public funding (e.g., REDD+ Results-Based Payments and national PES schemes) with green credit lines and blended finance instruments to de-risk private investment in sustainable land use.
- *Advance a broader vision beyond regulatory compliance.* While emerging international regulations—such as the EU Deforestation Regulation—are important drivers, the overarching aim is to reduce deforestation and GHG emissions while improving rural livelihoods and long-term resilience.
- *Anchor finance instruments in national policy frameworks, ensuring alignment with REDD+ strategies, NDCs, and the SDGs.* This promotes coherence between climate, agriculture, trade, and finance agendas.
- *Support Indigenous Peoples, small producers, cooperatives, and national authorities* to comply with national and international sustainability standards—including deforestation-free requirements—by investing in capacity-building, strengthening institutional frameworks, and creating enabling policy environments.
- *Leverage digital innovation and AI-powered traceability systems* to improve transparency, monitoring, and reporting, ensuring deforestation-free compliance while reducing administrative burdens on producers.
- *Promote national traceability and certification systems as policy-based instruments to unlock market access.* Ecuador and Costa Rica's systems, developed with UNDP support and adopted by companies like Lavazza, show how policy-finance-market integration can deliver forest-positive outcomes.
- *Facilitate balanced public-private partnerships that share responsibility, mitigate risks, and reward verified results*—creating incentives that scale climate-smart investment and strengthen the resilience of value chains.
- *Position deforestation-free value chains* not only as tools for regulatory compliance, but as catalytic mechanisms for achieving inclusive development and long-term climate mitigation goals.

#### Green and sustainable bonds:

- Green, social and sustainable bonds – also known as thematic bonds – have emerged as a transformative tool to mobilize resources toward specific development priorities aligned with the SDGs and NDCs.



- Mobilizing private sector capital, particularly from institutional investors, such as pension funds, is essential to close the biodiversity finance gap and deliver nature-positive outcomes while enhancing climate resilience.
- The development of bond markets provides increasing opportunities to achieve the SDGs. UNDP increasingly supports governments in establishing enabling environments, governance mechanisms, monitoring and evaluation framework for debt instruments. UNDP has engaged with over 40 countries to date.
- Mobilizing sustainable finance for climate-smart projects, clean energy, and infrastructure, that contribute to forest protection and sustainable management, climate mitigation, biodiversity regeneration, preservation or reduce biodiversity loss for tangible outcomes and impact.
- Support a conducive policy environment for financial instruments targeting climate and nature and that align with UNDP's social and environmental safeguard standards.

#### **Scale up deployment of direct finance and solutions to Indigenous Peoples and local communities**

- Support Indigenous and local bioeconomy enterprises as key actors in forest conservation, recognizing their potential to generate sustainable livelihoods and provide viable alternatives to deforestation-linked activities, particularly in high-biodiversity landscapes.
- Expand and simplify access to direct finance—including community-based grants, PES schemes, and benefit-sharing arrangements, credit lines —by strengthening institutional capacities and removing administrative barriers and elevated costs for Indigenous Peoples and local communities.
- Leverage climate policy frameworks such as NDCs, REDD+ National Strategies and Action Plans, and territorial development plans (*Planes de Vida*) to formally embed direct finance channels for Indigenous and local actors, ensuring alignment with national and international climate goals.
- Deploy tailored technical assistance and digital solutions to enhance readiness, enable full participation in climate and nature finance mechanisms, and support transparency, accountability, and autonomy in managing and monitoring locally driven forest and land-use initiatives.