

# **The Global Forest Finance Pledge**

## **2021 Progress Report**

**November 2022**

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## Executive summary

At COP26, 12 public donors came together to pledge unprecedented levels of public finance for the protection, restoration and sustainable management of forests. This Global Forest Finance Pledge (GFFP) is the largest public climate finance pledge exclusively directed towards forest programmes.

One year on from Glasgow, the 12 donors have come together to collectively demonstrate progress on the GFFP.

The report's findings show that in 2021, the first year of this 5-year pledge, 22% (over one-fifth) of the total USD 12 billion has already been contributed towards forest-related programmes in line with the pledge. If momentum is maintained, the GFFP is on a trajectory to deliver by 2025.

## Introduction

The [Global Forest Finance Pledge](#) (GFFP)<sup>1</sup> of COP26 saw 12 public donors announce their intention to collectively provide USD 12 billion of climate finance to forest-related programmes between 2021 and 2025. This support was a demonstration of intent by some of the signatories of the Glasgow Leaders' Declaration on Forest and Land Use (GLD) which was endorsed by 145 countries, as part of their shared efforts to halt and reverse forest loss and land degradation by 2030 while delivering sustainable development and promoting an inclusive rural transformation.

The GFFP contributions support activities that address the systemic drivers of forest loss, enabling the conservation, sustainable management, and restoration of their forests, and in their climate mitigation and adaptation. Central to the activities contributing to the Pledge is enabling the participation of Indigenous Peoples and local communities.

The GFFP comprises an informal grouping of public donors and does not have a central coordinator. The USD 12 billion pledge is not a new fund and there is no central allocation mechanism. Each supporter of this Pledge decides how they allocate and spend their contributions. Donors have voluntarily reported on their collective contributions in the interests of transparency and accountability.

### Links with other COP26 Pledges

Two further collective forest pledges were made at COP26, the Congo Basin Pledge<sup>2</sup> and the Indigenous Peoples and Local Communities' (IP and LC) Forest Tenure Pledge<sup>3</sup>. The GFFP is distinct but related to both of them. Different types of donors contribute to the different pledges: the GFFP only involves public donors, while the IP and LC Pledge and the Congo Basin Pledge include public donors and philanthropic organisations. Where donor funding pledged under the GFFP also

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<sup>1</sup> Canada, European Commission on behalf of the European Union, Federal Republic of Germany, French Republic, Japan, Kingdom of Belgium, Kingdom of Denmark, Kingdom of the Netherlands, Kingdom of Norway, Republic of Korea, United Kingdom of Great Britain and Northern Ireland, United States of America

<sup>2</sup> Twelve donors (11 governments and one philanthropist) announced the Congo Basin Pledge, a landmark collective pledge of at least USD 1.5 billion 2021-2025 to support Congo Basin forests and peatlands, the world's largest carbon sink and a region that is historically underfunded.

<sup>3</sup> 22 funders, including governments and private philanthropic organisations, announced a USD 1.7 billion Pledge in support of advancing Indigenous Peoples' and Local Communities' (IP and LC) forest tenure rights in tropical forest countries, a recognition of the important role IP and LC play in protecting forests and nature.

contributes to the objectives of the IP and LC Pledge and/or the Congo Basin Pledge, this funding may be reported under all three pledges.

For each pledge, donors have voluntarily reported on their progress towards meeting their respective contribution. It is for these reasons that pledges should not be aggregated or compared.

## Progress update

This first Annual Progress Report provides an update on progress towards the GFFP over 2021. It provides aggregate data on public donor contributions towards the Pledge and further information on how contributions have been invested by instrument, theme and geography.

### Methodology

The 12 public donors worked together to compile information on forest-related finance in 2021<sup>4</sup> and prepare this report. To enable this, the GFFP donors submitted data where available on total funding amount (in local currency), geography, primary thematic area, and funding instrument. Contribution to multilateral initiatives were included in returns and calculated using a robust and conservative estimate of proportion for forest-related activities<sup>5</sup>; for multi-year initiatives, annual proportional shares were calculated.

The methodologies used by GFFP public donors on reporting their individual finance contributions to the pledge are consistent and aligned with their reporting to the OECD and UNFCCC<sup>6</sup>. To enable comparison, public donor contributions were converted to USD using the OECD annual average exchange rate<sup>7</sup>.

Based on a review of submitted data, the report includes information on the following areas:

- Total cumulative contributions, and progress overall;
- Contributions per primary thematic area;
- Contributions per finance instrument; and
- Contributions per region

Where categorisation of contributions has not been provided it is included in the results as 'undefined'.

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<sup>4</sup> In line with UNFCCC climate finance reporting practices, some donors have reported on a calendar year basis, while others have reported on a fiscal year basis. For this report, 11 of the 12 donors reported funds in calendar year.

<sup>5</sup> For Green Climate Fund (GCF) and Global Environment Facility (GEF) (GCF-1 out to 2024 and GEF-7 out to 2022 respectively) conservative ratios were used to calculate the forest related portion of donor contributions. These ratios were developed based on distribution of past allocations towards forest related activities from the GCF and GEF.

<sup>6</sup> In line with UNFCCC and OECD climate finance reporting, donors have reported on either a disbursement or a commitment basis. For this report, a total of 8 donors reported funds as disbursements in their multilateral channel reporting, with 4 donors reporting funds as commitments.

<sup>7</sup> <https://data.oecd.org/conversion/exchange-rates.htm>.

### Total cumulative contributions

Table 1 provides an overview of the reported contributions of the 12 Pledge donors in 2021, demonstrating that total contributions towards the pledge over 2021 in relation to forest initiatives was USD 2.6 billion, or 22% of the total pledge.

Table 1: Overall GFFP contributions in USD in 2021

	USD
Total contributions in 2021	2,671,179,687
<b>GFFP pledge (2021 to 2025)</b>	<b>12,000,000,000</b>
<i>Progress towards overall pledge</i>	<i>22%</i>

### Contribution per thematic area

GFFP public donors were also asked to break down their contributions based on the primary thematic area<sup>8</sup>. These categories correspond broadly to the focus areas set out in the Pledge statement. Figure 1 below provides a relative breakdown of 2021 pledge contributions per primary thematic area. The breakdown should be regarded indicative, as many programmes usually cover several thematic areas at the same time.

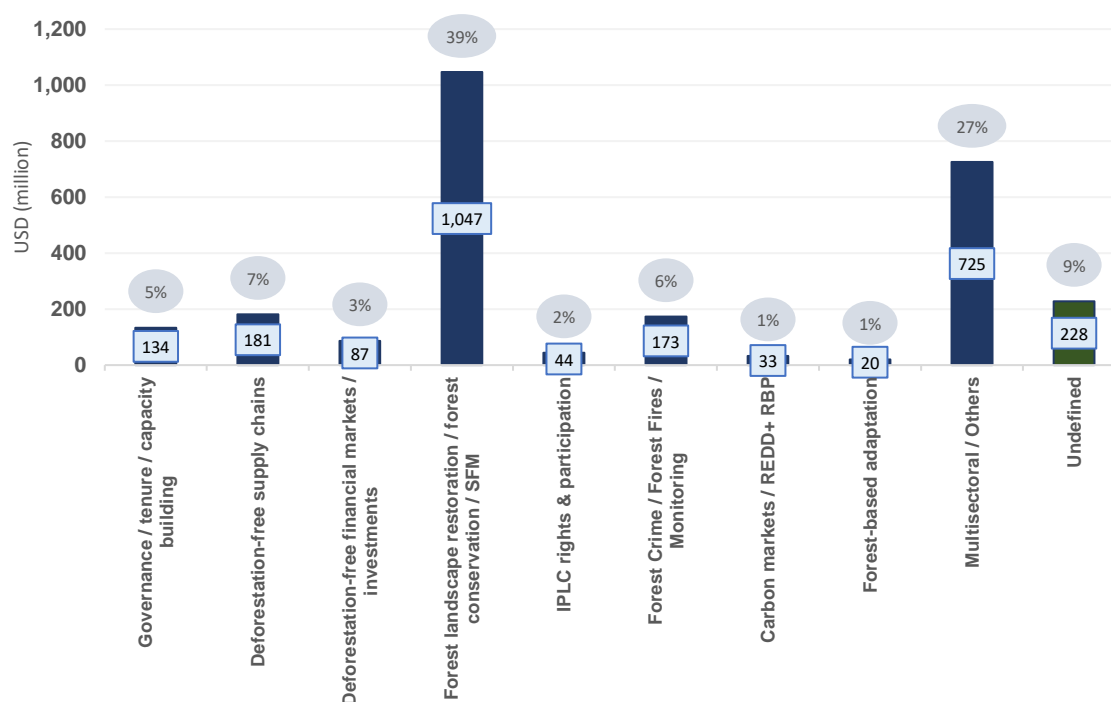


Figure 1. Breakdown of GFFP contributions in 2021 by primary thematic area. If donors considered a programme to primarily cover more than one theme, 'multisectoral/other' was chosen.

In 2021, 39% of contributions primarily focussed on actions to support forest restoration, conservation, and/or sustainable management. This category also contains measures to support the

<sup>8</sup> Categories comprised: Governance / tenure / capacity building; Deforestation-free supply chains; Deforestation-free financial markets / investments; Forest landscape restoration / forest conservation / Sustainable Forest Management; IPLC rights & participation; Forest Crime / Forest Fires / Monitoring; Carbon markets / REDD+ RBP; forest-based adaptation; and Multisectoral / Others

establishment and management of forested protected areas. 27% of contributions supported activities that covered more than one primary theme and were thus regarded as multisectoral.

### Contributions per financial instrument

In 2021, 82% of contributions towards the GFFP were provided in the form of grants, followed by 2% as either concessional or non-concessional loans. The share per instrument is illustrated in Figure 2.

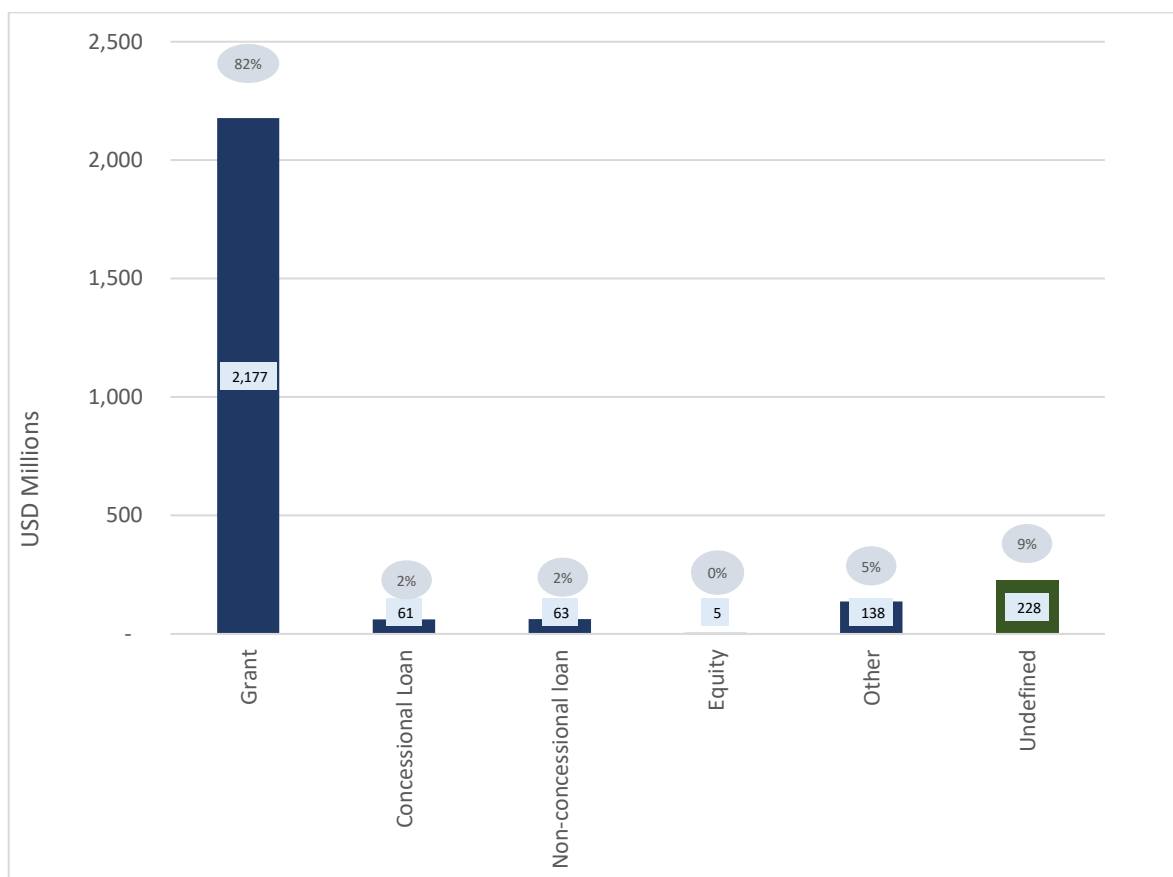


Figure 2: Distribution of GFFP contributions by finance mechanism in 2021

### Contributions per region

Over the reporting period, initiatives that spanned multiple regions were allocated the largest portion of contributions, USD 960 million or 36%. For activities that focused on specific regions, initiatives in Africa were the largest share with 27% of Pledge contributions in 2021, approximately USD 717 million. Other regions, including countries in Latin America and the Caribbean and Asia were designated USD 311 million and USD 239 million respectively.

The share of pledge contributions per region is outlined in Figure 3.

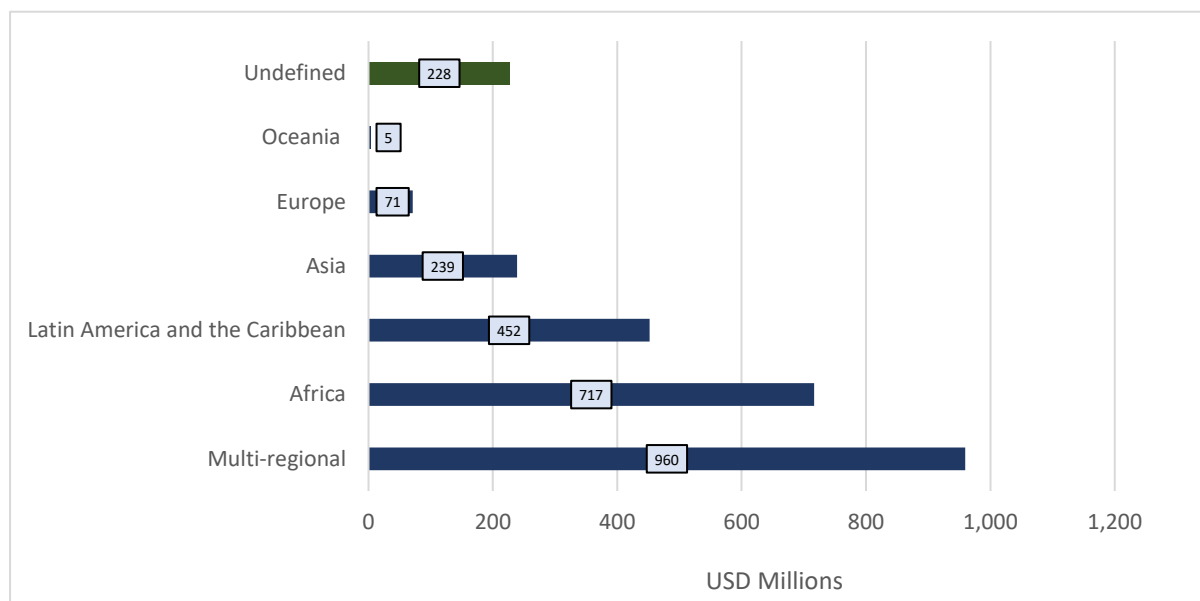


Figure 3: Share of pledge contributions in USD per region

## Case studies

The case studies below provide examples from Pledge donors of the programmes and projects they have been supporting in 2021.

### Case Study 1: Support to Brazil, Colombia, Ecuador via the REDD Early Movers (REM) Programme

*Funding type:* Grant

*Region:* Latin America

*Primary thematic area:* Carbon Markets / REDD + RBP

Since 2011 the REDD Early Movers (REM) Programme has contributed to forest and climate protection as well as to the preservation of biodiversity in Brazil, Colombia and Ecuador by financially rewarding emission reductions of so-called ‘early movers’, i.e. partners that have taken the initiative to foster forest and climate protection.

The programme supports IP and LCs in performing their important role in the conservation and management of forests and combines climate, environmental and development goals. Funded by Germany, UK and Norway and implemented by KfW Entwicklungsbank and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, the programme works in close cooperation with the Ministries of Environment in Colombia and Ecuador and State Governments of Mato Grosso and Acre in Brazil.

The REDD Early Movers Programme has already contributed to saving nearly 88 million tons of CO<sub>2</sub> emissions from prevented deforestation in Colombia, Brazil, and Ecuador to date (as of April 2022). Up to 70% of the funds benefit local actors. Forest governance in the partner countries and jurisdictions has been strengthened. In Colombia, the project supported 17,000 families in

70% of the indigenous areas of the Amazon rainforest to maintain sustainable livelihoods. In addition, a fund for projects targeting women has also been established, which has benefited 69 projects of 3,230 indigenous women.

### **Case Study 2: Support to Gabon for reducing emissions from deforestation and forest degradation**

*Funding type:* Grant

*Region:* Africa

*Primary thematic area:* Carbon Markets/ REDD +

Gabon has preserved much of its pristine rainforest and since the early 2000s has created 13 national parks, one of which is a UNESCO World Heritage Site. Its forests are estimated to absorb a total of 140 million tons of CO<sub>2</sub> every year, the equivalent of removing 30 million cars from the road globally. Gabon has also made significant advances in sustainable management of its timber resources outside the parks, with an ambition to ensure that all forest concessions are FSC-certified.

In June 2021, Gabon became the first African country to be rewarded for reducing forest-related emissions at the national level. The first payment of USD 17.2 million from Norway in 2021 is part of the breakthrough agreement between Gabon and the multi-donor UN-hosted Central African Forest Initiative (CAFI) in 2019 for a total of USD 150 million over ten years. The payment is made based on Gabon's emission reductions in 2016 and 2017, compared to emission reductions data from 2006-15.

Gabon has reduced emissions by 5.2 million tons of CO<sub>2</sub> from deforestation and forest degradation. Gabon and CAFI have agreed that this first payment will go towards activities that further decrease CO<sub>2</sub> emissions through investments into community forestry, scientific research, forest management practices, protected areas system and government capacity, and activities that further enhance the income, livelihoods, and wellbeing of communities in Gabon.

### **Case Study 3: Unlocking private sector investment to protect tropical forests**

*Funding type:* Grant

*Region:* Multi-regional

*Primary thematic area:* Deforestation-free financial markets / investments

Mobilising Finance for Forests (MFF) is a new international climate finance initiative established in 2021 as a blended finance investment programme to combat deforestation and other environmentally unsustainable land use practices contributing to global climate change.

Through MFF, Dutch entrepreneurial development bank FMO have been appointed by the UK government to invest up to £150 million across a mix of investment funds and direct investments in selected tropical forest regions in Africa, Asia and Latin America.



In 2021 there has been investment of USD 32.75 million into &Green<sup>9</sup>, which invests in commercial projects in agricultural production value chains to protect and restore tropical forests and peatlands in Brazil, Colombia, Indonesia, Ecuador, Peru, Gabon, Liberia and the Congo Basin.

#### **Case study 4: Supporting sustainable forest management in Lao PDR**

*Funding type:* Grant

*Region:* Asia (also multi-regional)

*Primary thematic area:* Forest landscape restoration / forest conservation / sustainable forest management

Through World Bank's Forest and Landscape (FAL) programme, Canada is investing in the Lao Landscapes and Livelihoods Project in Lao People's Democratic Republic (PDR) to promote sustainable forest management, improve protected area management, and enhance livelihood opportunities in selected landscapes in Lao PDR.

As of December 2021, implementation in the Lao Landscapes and Livelihoods Project was still in its early phases. The project will help communities in over 600 villages and 25 forest areas to secure livelihoods and jobs from sustainably managed forests, including opportunities in timber and non-timber products, and nature-based tourism. In addition to an estimated GHG reduction associated with the project of 10,900,000 tCO<sub>2</sub>e over 20 years, key expected results will also include: landscape areas with maintained or increased forest cover; protected areas that score over 50 on the global protected area Management Effectiveness Tracking Tool (METT); households or economic interest groups engaged in alternative and/or improved traditional livelihood activities supported by the project; and reaching beneficiaries through job-focused interventions (50% women).

More widely, the World Bank's FAL programme will support a pipeline of forest and landscapes initiatives addressing deforestation and forest degradation, fostering conservation and sustainable management of forest resources, and promoting public-private partnerships in support of sustainable land use across multiple countries and regions that could include Colombia, Costa Rica, Dominican Republic, Fiji, Guatemala, Indonesia, Laos, Mexico, Peru, and Vietnam.

#### **Case Study 5: The 'TerrIndigena' Project - Empowering indigenous communities in the Amazon**

*Funding type:* Grant

*Region:* Latin America and the Caribbean

*Primary thematic area:* Governance / tenure / capacity building

The Agence Française de Développement (AFD) and the French Facility for Global Environment (FFEM) have allocated €5.72 million to support 18 indigenous Amazonian communities in three countries: Brazil, Colombia and Ecuador. The project will contribute to collective efforts to safeguard the Amazon forest, its biodiversity and forest-dwelling peoples. The project aims to increase the protection of

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<sup>9</sup> <https://www.fmo.nl/news-detail/00bf75ac-6de0-467b-86a6-bc69efe64f47/mobilising-finance-for-forests-fund-s-first-investment-goes-to-green>

more than 21 million ha of indigenous territories. To support these aims the ‘TerriIndígena’ Project will include four components:

- the provision of governance tools to improve the representation of indigenous rights and the protection of territories;
- Community monitoring of endogenous and exogenous pressures and threats;
- The implementation of income generating activities compatible with traditional value and culture which respect ecosystem; and
- The exchange of knowledge and experience at regional level and the coordination of stakeholders

The initiative is developed in collaboration with the Gaia Amazonas Foundation (Colombia), the EcoCiencia Foundation (Ecuador) and the Instituto de Pesquisa e Formação Indígena - Iepé (Brazil).

## Conclusion - and the year ahead

In 2021, the first year of this 5-year pledge, over one-fifth of the total USD 12 billion Global Forest Finance Pledge has already been contributed towards forest-related programmes. The case studies have provided some stories behind the figures, highlighting how donor finance is making a difference on the ground.

The GFFP donors have agreed to voluntarily update on progress, and this report is the demonstration of that commitment. As ever, there are limitations to joint reporting processes and the group intends to continue to explore ways to improve the quality of reporting.

The publication of this first progress report was announced at the Forest and Climate Leaders’ Summit at COP27. This was the first event of the Forests and Climate Leaders’ Partnership (FCLP). The FCLP was established as a follow-up to the Glasgow Leaders’ Declaration on Forest and Land Use and provides a space for high-level political leadership to implement solutions and to ensure accountability for the pledges made at COP26 on forests, land use and climate. It will continue to provide space for donors to demonstrate implementation of forest and land use commitments and will support the objectives of the GFFP.

## The Global Forest Finance Pledge supporters

Canada

European Commission on behalf of the European Union

Federal Republic of Germany

French Republic

Japan

Kingdom of Belgium

Kingdom of Denmark

Kingdom of the Netherlands

Kingdom of Norway

Republic of Korea

United Kingdom of Great Britain and Northern Ireland

United States of America

### Links

- The Global Forest Finance Pledge: <https://ukcop26.org/the-global-forest-finance-pledge>