

Introduction to Results-Based Financing

Carbon Finance in Africa- Lessons learned



Results Based Financing (RBF) for Green Growth and Climate Resilient Development in Maputo

Maputo, Fevereiro de 2016

Outline

- **Examples of experiences and results from REDD+ Results Based Finance (RBF)**
- **Experiences from Ethiopia, Kenya and Madagascar**
- **Relevance of RBF for Mozambique**



What are examples of results?

Ethiopia: Humbo Assisted Natural Regeneration Project



Rehabilitation of
degraded land



Kenya: Agricultural Carbon Project

New agriculture practices
→ increased crop yields
and farm productivity



Training for smallholder
farmers in sustainable
agricultural practices



Madagascar: Ankeniheny–Zahamena Biodiversity Conservation Corridor (REDD+) Project

Protecting biodiversity

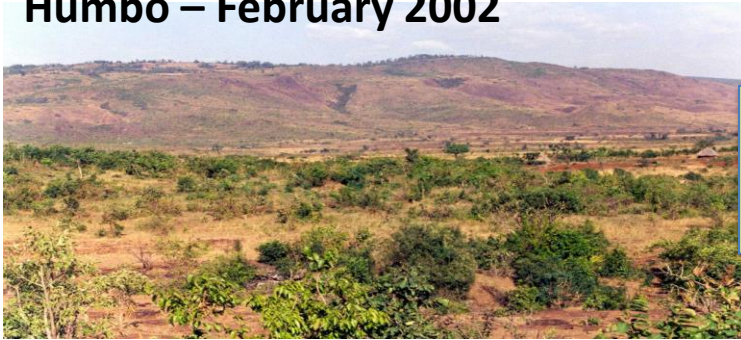


Ethiopia: Humbo Assisted Natural Regeneration Project

- World Vision, in collaboration with **local authorities** and **seven local cooperatives**
- First Clean Development Mechanism (Kyoto Protocol) project registered by the UN in Africa. Project validated by third party, and emissions reductions verified by third party
- BioCF purchases 165,000 Emissions Reductions (carbon credits) from 2009 to 2017;

Range of benefits - Carbon Sequestration one out of Many

Humbo – February 2002



Rehabilitated 2,800
hectares of degraded
land in the SNNPs

Humbo – March 2010



- **Communities elaborate community development plans** → financed by the carbon payments
- More **Emissions Reductions** than initially projected
- Four payments have been delivered – Carbon Payments go directly to communities;
- 15% of payments being set aside for continued monitoring costs (decision made by communities)



Kenya: Agricultural Carbon Project

- First agricultural land management project to issue carbon credits
- The BioCarbon Fund is purchasing 150,000 carbon credits over seven years (2009-2016).



- **19,000 hectares** under new agriculture practices → increase **crop yields and farm productivity**
 - 24,788 tons of CO₂ reduced over 150,000
 - US\$ 65,000 in carbon revenue for Kenyan farmers to date over \$600,000
 - 1 Payments done
 - 1 Verification done
- **30,000 smallholder** farmers trained to date in **sustainable agricultural practices**;

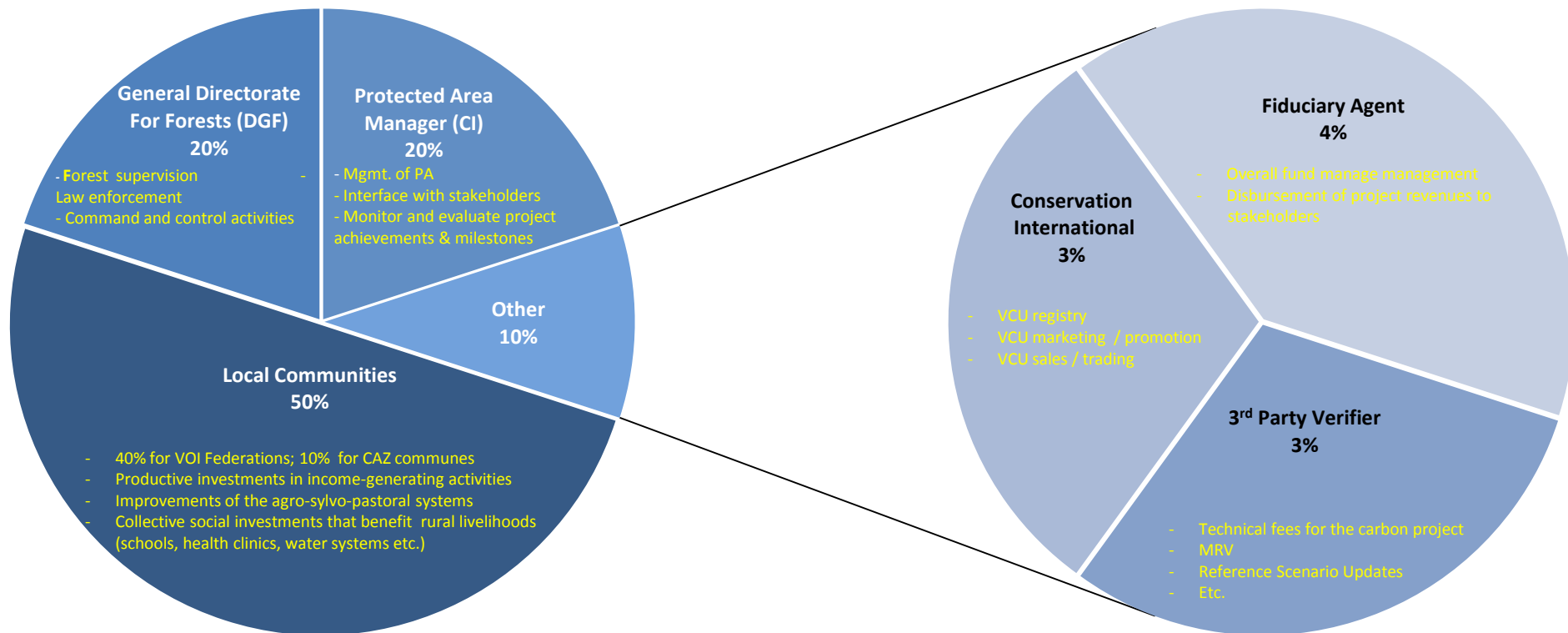
Madagascar: Ankeniheny–Zahamena Biodiversity Conservation Corridor (REDD+)

- Aims to reduce deforestation and forest degradation of primary Malagasy forests through the creation of a 425,000 ha protected area.
- The project is expected to generate > 14 million of Emissions Reductions over 20 years;
- Contract between Ministry of Forestry and the Biocarbon fund for 430,000 tCO₂ from 2008 to 2017.
- The goals of the initiative are to reduce forestation and enhance the capacity of communities to manage natural resources, while protecting biodiversity and water resources
- The project expects to generate 14 million tons of CO₂ over 20 years (2008-2037)



Revenue Distribution Approach

- The Malagasy government will be responsible for receiving carbon revenues and disbursing them back to project stakeholders based on a percentage allocation . They may designate a third party to conduct some of the functions.
- Revenues will be distributed according to the following formula:



Key Institutional Arrangements for Benefit Sharing

Fiduciary Agency

- To be responsible for receiving carbon revenues and disbursing them back to project stakeholders based on the formula above
- Currently, the UCPE (Central Unit for Environmental Projects, which manages IDA funds) fulfills this role

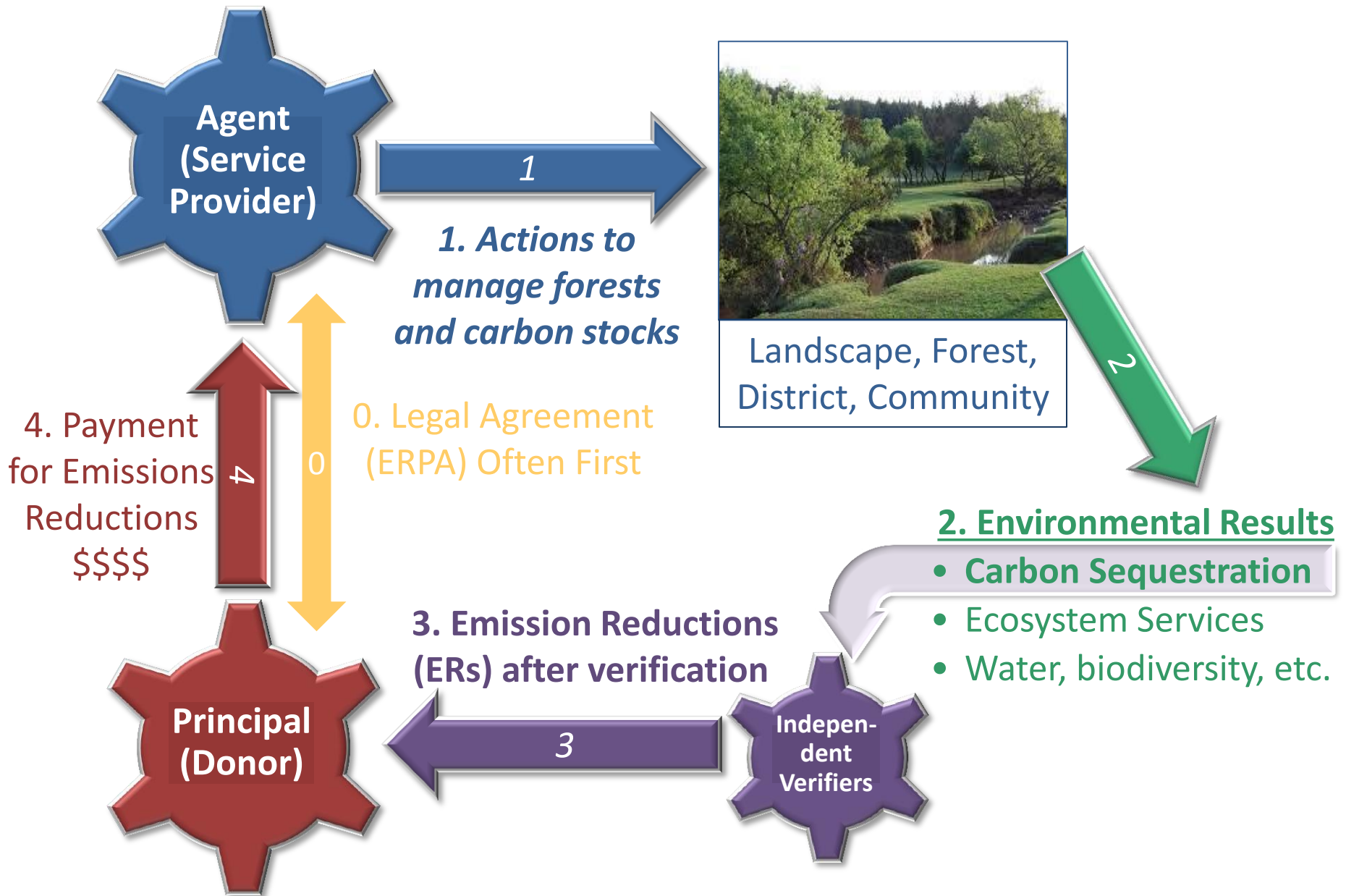
Administration Agency

- Will be in charge of managing the funds allocated to communities (50%), and for ensuring that the funds are adequately put to use
- This will be a competitive fund, allocated on merit, reversible, and not a vested right
- The Administration Agency will therefore set eligibility criteria for a prior evaluation of the maturity of beneficiary VOIs, VOI federations, and communes (based on past history, governance mode, appreciation by partners etc.)

Monitoring Committee

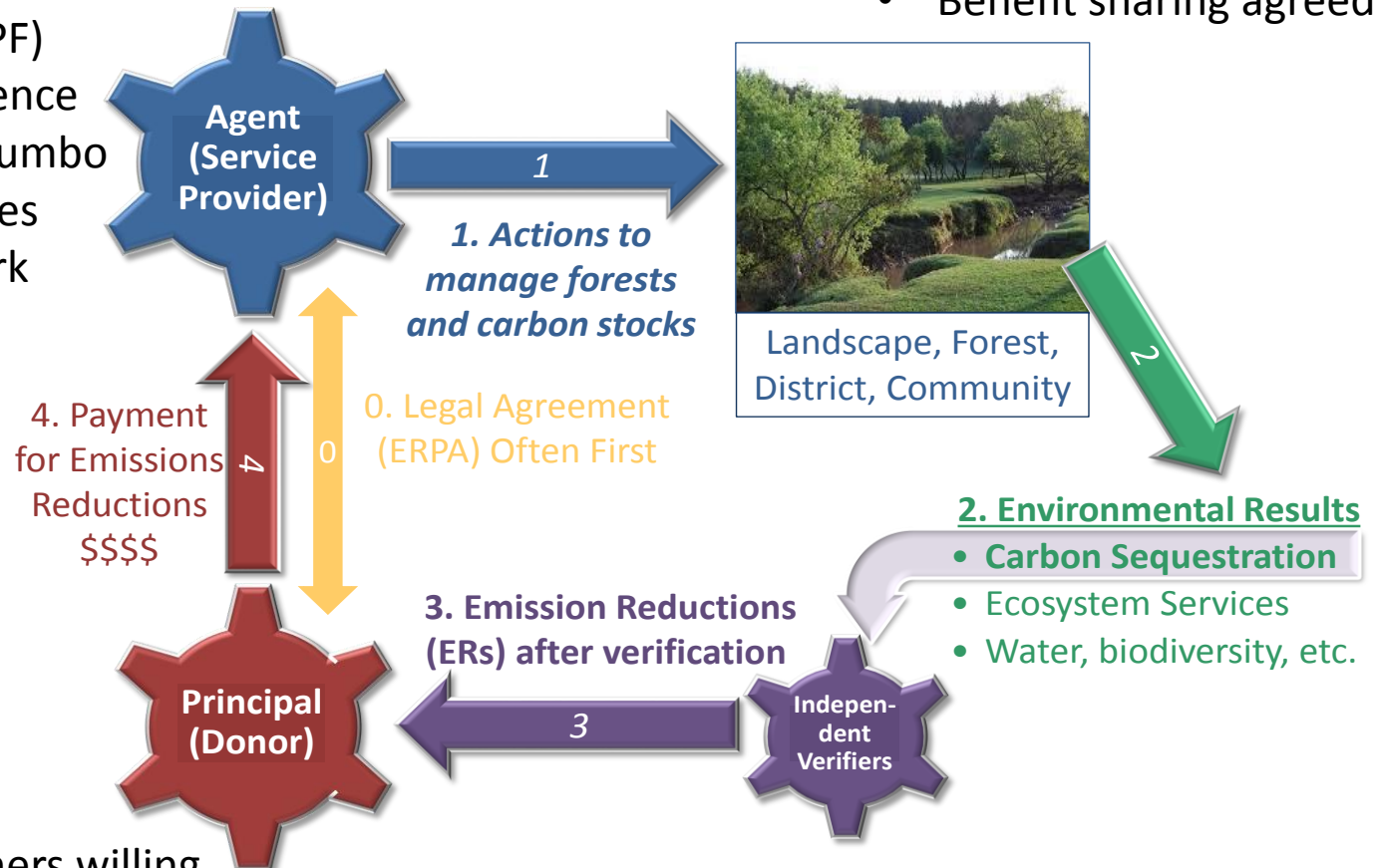
- Defines the strategic directions for the use of carbon revenues based on the distribution formula adopted for the CAZ
- Initiates the specifications applied by developers
- Examines the grievances received by the Monitoring Committee/CCS
- Examines evaluations by the Administration Agency

Typical REDD+ Results Based Finance (RBF) Cycle



Enabling Policies Supporting REDD+ RBF

- Communities organized
- Technologies tested
- Benefit sharing agreed



- REDD+ Institutional work underway (MEF, FCPF)
- Ethiopia Has Experience with SLMP, REDD, Humbo
- CRGE Facility Provides Financing Framework

- Development Partners willing to Test New Approaches
- UNFCCC Negotiation Process Supporting REDD+

- International Firms and Methods Developed / Certified