



20th Meeting of the Parties (MOP) of the Congo Basin Forest Partnership

31 May - 5 June 2024, in Kinshasa, DRC

Thematic workshop 4: Accelerating the development of innovative mechanisms **CO-LEAD: AfDB AND GIZ**

Notes, conclusions and recommendations

Background

Primary tropical forests are central to achieving the goals of the Paris Climate Agreement and the Kunming-Montreal Global Biodiversity Framework, which call for the substantial and progressive increase of financial resources from all sources, including public, private, national and international, to \$200 billion per year by 2030, while substantially and progressively reducing subsidies that are harmful to biodiversity by at least \$500 billion per year by 2030

Despite the importance and potential of the Congo Basin forests, access to climate finance remains a major challenge for these countries. To date, various innovative financing instruments, such as payments for ecosystem services, blending schemes, debt-for-nature swaps and other debt instruments, carbon markets and the nascent concept of nature certificates, are being unevenly rolled out across the different tropical forest basins. Investment by the private sector in the Congo Basin remains particularly low.. The African Economic Outlook 2023 (AfDB, 2023) underlines the urgency of accelerating climate action and green transitions to boost the continent's inclusive and sustainable development. The Outlook particularly recommends a 36% per annum increase in private sector funding till 2030 to cover the deficit in climate financing on the continent which is evaluated to stand at an average of 213.4 billion dollars per year. This measure is key to meeting the climate funding needs of the Continent estimated at 2800 dollars for 2020-2030, representing 250 billion dollars per year.

Some actors have made considerable efforts to increase climate funding from the private sector. For instance, Multilateral Development Banks have increased their commitment to private sector beneficiaries to intensify public sector financing for adaptation and mitigation projects and expect that private sector financing contributes significantly to increasing Africa's contribution to global climate financing (for instance: provision of concession funds to reduce investment risk and attract the private sector financing for renewable energy projects) However, these efforts are insignificant in view of the consistency in commitment expected from the private sector with respect to climate financing.

In this context, thematic workshop 4: Accelerating the development of innovative mechanisms of the 20th MOP of the CBFP anchored on two main panels:

- On the one hand- Financial commitments for the forests of the Congo Basin: stakes, challenges and prospects:
- And on the other hand- Reviewing existing innovative financing mechanisms in Central Africa

The first panel analysed the implementation of the Glasgow Pledge 2021-2025, which was made following the "Declaration of Commitment by the Member States of COMIFAC for the Forests of Central Africa and Call for Fair Financing", known as the "Fair Deal", negotiated under the CBFP, adopted by the COMIFAC countries and presented in Berlin in September 2021. The Glasgow "pledge" was made by 12 donor countries, including the Bezos Earth Fund¹, **to mobilise at least USD 1.5 billion for the protection and sustainable management of the Congo Basin forests and peatlands.** In parallel with this pledge, a number of countries and philanthropic organisations made a special commitment **to mobilise USD 1.7 billion for indigenous peoples and local communities to protect tropical forests.**

The thematic workshop also discussed the report of the Fair Deal Task force, initiated by the World Bank. To support these reflections at the level of the Congo Basin, a "Fair Deal" Task Force was created in 2022 and mandated by the CBFP to develop the key elements for the implementation of the 2021 Declaration of the Central African Forest Commission (COMIFAC), which aims to support the commitment of Central African countries in combating climate change, supporting forests and biodiversity, landscape restoration and sustainable management, in exchange for a fair allocation of international funding for climate and biodiversity. "The aim of the Fair Deal is to support the commitment of Central African countries to combating climate change, supporting the conservation and sustainable management of forests and biodiversity, and restoring landscapes, in exchange for an equitable allocation of international funding for climate and biodiversity.

The second panel on existing innovative financing mechanisms analysed the coordination and transparency of these mechanisms, the instruments for mobilising innovative financing designed by various partners and adapted to the Central African region, and the mobilisation of private sector financing. The aim of the panel was to identify innovative approaches to attracting and channelling financial flows so that they are compatible with a low-carbon development path that is resilient to climate change in Central Africa. The panel also examined the coordination and transparency of current initiatives, in order to make proposals for strengthening the capacity to coordinate initiatives and deploy synergies that are both strategic and operational, to ensure efficiency and impact.

Findings and salient points from the discussions

Against this backdrop, the panels addressed the following concerns in particular: what innovative financing mechanisms have been put in place and/or are envisaged to support biodiversity and climate-related initiatives? Which of these mechanisms are suitable for the countries of the Congo Basin

? What should countries/stakeholders do to prepare for access to innovative financing

? Who does what when it comes to mobilising innovative financing? What are the elements needed to confirm that financing is innovative? What are the elements needed to confirm that financing is innovative? Is there a problem coordinating initiatives to mobilise innovative financing in the subregion? If so, what is the nature of this coordination problem? Who is responsible for coordinating

¹ European Commission on behalf of the European Union, Federal Republic of Germany, French Republic, Japan, Kingdom of Belgium, Kingdom of the Netherlands, Kingdom of Norway, Kingdom of Sweden, Republic of Korea, United Kingdom of Great Britain and Northern Ireland, United States, Bezos Earth Fund.

initiatives in the subregion? How does this coordination problem (if any) affect countries and access to funding? How can we ensure better coordination and more effective synergy between initiatives in the Congo Basin? What actions should stakeholders take to ensure the coordination and transparency of interventions in the Congo Basin? What lessons can be shared? What is the current state of private finance for conservation, sustainable management and the fight against climate change in the Congo Basin? What are the challenges and constraints? What are the prospects and proposals for action to increase the mobilisation of private funding? What role should governments and multilateral banks play?

At the end of the various panels, the following major observations emerged, among others:

- The dissatisfaction of Central African countries with the transparency and coordination of the use of Glasgow Pledge funds: Countries are calling for greater participation in the selection process for projects receiving pledge funding;
- The need to learn lessons from the implementation of actions under the Glasgow Pledge, in order to better prepare for CoP 30 in Belem;
- The need to finance the post-2025 Convergence Plan in line with the Fair Deal Declaration of the Central African countries, which proposes a genuine paradigm shift;
- The inadequacy of horizontal coordination and transparency measures within the various funding initiatives at sub-regional level, which reduces the impact of the funding mobilised on the final beneficiaries of these initiatives;
- The various innovative financing mechanisms being developed at international and regional level are still not being used to their full potential in the countries of Central Africa;
- Low capitalisation of funding opportunities for forest conservation and sustainable management by the private sector;
- The need to assess the economic potential of forest ecosystems and to account for natural resources so that they can be put to better use in national economies;
- The need to promote the initiatives under way by various partners such as the African Development Bank (debt-for-nature swaps); the World Bank, the WWF (on Article 5 of the Paris Agreement); the WCS (on High Integrity Forests - HIFOR); the IUCN, the AFN (the Chinko carbon project); etc. to ensure the choice of appropriate innovative mechanisms for the Central African region;
- The need to improve communication on the results of flagship programmes implemented in Central Africa (e.g. PACEPCO, etc.), to support the strategy for mobilising funding for Central African forests;
- The importance of working with private sector actors, including partners working with the private sector, to improve private sector involvement in the sustainable management of Central Africa's forests;
- The need to capitalise on results, encourage synergy/mutualisation, coordination and make use of the opportunities offered by the various existing funding, initiatives and programmes, such as the FCLP country packages.
EU forest partnerships, CAFI LOIs, programmes under the Rio conventions' financial mechanisms, etc.

Main recommendations

At the end of this thematic workshop, the following recommendations were formulated to accelerate the development of innovative financing, with a view to preserving Central African forest ecosystems:

- 1. A post-Glasgow financial commitment to implement the "Fair Deal" or towards a "Belém Accord" for the preservation of Central Africa's forests.**

- The countries of Central Africa should work with their CBFP partners to mobilise increased national and international funding through a "post-Glasgow commitment" or towards a "Belém Accord" for the preservation of Central Africa's forests, to be prepared for COP30, in order to ensure equitable, fair and sustainable funding;
- The donors' college and the regional college will have to ensure consultation between their experts, through meetings of a predefined frequency to agree on a roadmap towards Belém. The AfDB and CAFI are urged to support the countries, the Donor College and the Regional College in reflecting on and designing guidelines for the coordination and/or management of post-Glasgow funds;
- The various players involved should continue to work on defining the "Fair Deal" and the results of the Task Force's work and ensure that these results are used, including in the discussions of the working group on fair and equitable financing for Central African forests.

2. A major regional programme for Central Africa

- Develop a large-scale regional programme for Central Africa, which could mobilise funding from various instruments and sources from different donors, in particular the AfDB (with the new climate action window and other existing funds), the World Bank, CAFI and others, by involving regional institutions (AfDB, ECCAS, COMIFAC, etc.);
- Prepare a strategy for mobilising funding for the Post-2025 Convergence Plan within the framework of the COMIFAC Working Group on Financing the Forest-Environment Sector, in line with the principles of the Fair Deal Declaration, with a view to the CoP30 Climate Conference in Belém.

3. Promoting existing initiatives, transparency and coordination.

- Ensure that the financial commitments made by the partners for local communities and indigenous peoples reach the beneficiaries on the ground and support them in implementing the planned actions;
- Ensure open dialogue, transparency and horizontal coordination of funding initiatives for the protection of Central Africa's forests at national level (through existing coordination structures), regional level (COMIFAC and ECCAS) and with technical and financial partners (college of CBFP donors, multilateral college), by encouraging ownership of initiatives and rooted in the concept of fair and equitable funding for Central Africa's forests;
- Leverage existing funding by encouraging strategic planning in countries that enable the integration of sustainable management of forests, biodiversity, ecosystems and climate into investment projects being developed in countries by MDBs and other partners.

4. Innovative mechanisms adapted to Central Africa and private sector involvement

- Enhance the value of high-integrity forests and peatlands in Central Africa, including a strategic positioning of stakeholders in the sub-region on the implementation of Articles 5 and 6 of the Paris Agreement, in particular through innovative financial mechanisms adapted to the sub-region, such as payments for ecosystem services, debt-for-nature swaps, green bonds and mixed financing;
- Strengthen the capacity of countries to assess the economic potential of their forest ecosystems and to account for their natural resources so that they can be put to better use in their national economies.
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