Innovative Climate Finance

Ben Feldman
Assumptions

• REDD finance has not been deployed effectively to support climate smart agriculture
• Climate Finance does not equal tradable carbon credits
• Private sector finance can be engaged without carbon markets
• Public finance can be structured to reduce risk to the private sector
• Private sector should focus on risks it can understand and to some extent manage
• Carbon assets can be created and may be valued over time
Shift to majority private finance over time

Scale of Adoption

Public Funding

Private Finance

“Markets” certification/carbon

project risk mitigation

conservation / compliance

Building Value into the World’s Ecosystems
Integrated REDD Funding

Governments, “Compliance” Investors
Financial Markets

REDD “Investor”

$\downarrow$

REDD Convertible
Revenue Bond

$\uparrow$

Carbon Options

$\downarrow$

Carbon Assets

$\uparrow$

Domestic Public
Sector Finance
(In REDD Country)

Climate Finance to
leverage private sector
Investment in REDD

$\downarrow$

REDD Projects/Action

REDD Fast-Start
(Development Agencies, etc)

Building Value into the World’s Ecosystems
Enhanced risk mitigation tools

If necessary, public funding support to reduce cost of borrowing
• Guarantees
• Carbon price floor

REDD “Investor”

REDD Convertible Revenue Bond

Domestic Public Sector Finance (In REDD Country)

Climate Finance to leverage private sector investment in REDD

REDD Projects/Action

REDD Fast-Start (Development Agencies, etc)
REDD+ finance to improve agricultural practices

LOWER CARBON EMISSIONS, LESS POVERTY

JURISDICTION-WIDE REDD PROGRAMS

REDD MARKETS

INTERIM REDD+ FINANCE

LOW-EMISSION FARM SECTORS

COMMODY MARKETS

VIRTUOUS CYCLE?

FARMER ENGAGEMENT

REDD+ COMMITMENT

ROUNDTABLE CERTIFICATION

UNCERTIFIED FARMERS
Risk Mitigation through public finance

Public Climate Funding

Private Sector Agricultural Finance

Climate Friendly Agriculture “Carbon Assets”

Security of supply/Compliance w certification & Carbon bundling

Private Sector Supply Chain Buyers > Consumers

Guarantees

Financial products

Long term contracts

Premium Pricing
Absorbing key risks to spur private finance

Public Climate Funding

Private Sector Agricultural Finance

Climate Friendly Agriculture “Carbon Assets”

Private Sector Supply Chain Buyers > Consumers

Loan Guarantees
Yield Protection
Reduced interest loans
Fixed price for carbon

Guarantees