



USAID
DEL PUEBLO DE LOS ESTADOS
UNIDOS DE AMÉRICA

Programa Regional
de Cambio Climático
de USAID



RCCP Technical Support for Finance, Markets, and Results-Based Programs

The Regional Climate Change Program (RCCP), funded by USAID, provides technical support to governments to attract new sources of REDD+ finance, and to participate in emissions markets and results-based programs. This work is tailored to support governments at various levels of REDD+ readiness and to achieve each country's specific priorities. The finance and markets component of RCCP's objective provides technical expertise to facilitate the implementation of foundational elements to attract finance and to build/participate in emission reduction markets within and between Central American countries, the Dominican Republic, and their institutions.

Types of Finance and Markets Options for Technical Support by RCCP

In order to support the governments of Central America and the Dominican Republic in attracting private funding and participating in result-based/market emission reduction schemes to support their REDD+ programs, the RCCP, under the leadership of Terra Global, supports the following types of activities and options, based on each country's unique needs:

- **REDD+ FINANCE AND MARKETS READINESS ASSESSMENTS** - Assess and provide recommendations on the country's preparedness for attracting private finance and participation in pay-for-performance and market-based mechanisms for REDD+; identification of gaps and guidance on priorities
- **INSTITUTIONAL ARRANGEMENTS** – Recommendations on laws/agreements/processes related to carbon tenure; decision support for nesting options within the national context; support for the development of a REDD+ activity registration and approval process, including transactions and registry platforms to support offset issuance process and mechanics defined; establishment of rules for permanence and performance pools
- **FINANCING PLANS** - Support for the development of budgets and financing plans for the implementation and operation of the REDD+ program; domestic programs for environmental fees (taxes, permits, levies) and other types of public and private financial instruments (loans, equity investments) defined and designed to provide REDD+ funding
- **MARKET ACCESS and REDD+ TRANSACTION STRUCTURING** – Identification of buyers, negotiation of term sheets, support for due diligence, and preparation of Emissions Reduction Purchase Agreement (ERPA) investments
- **CARBON FUND ER-PIN/ERPA SUPPORT** - Document preparation and negotiation support for creation of an Emissions Reduction – Project Idea Note (ER-PIN) and ERPA for the Forest Carbon Partnership Facility (FCPF) Carbon Fund and other results-based payment programs
- **REDD MONITORING and TRADING PLATFORM DESIGN** – Conceptual designs, user scoping workshops and evaluation of existing system(s); leverage/integrate opportunities for REDD+ activity tracking and trading platforms
- **REDD+ FINANCE AND MARKETS TRAINING AND CAPACITY BUILDING** - Regional workshops and trainings on finance and markets readiness; REDD+ transaction good guidance
- **SUPPORT FOR ISSUANCE OF REDD+/CLIMATE BONDS** – Provide technical support for feasibility assessments, legal and financial structuring of green/climate bonds, project development, and bond issuance
- **DEPLOYMENT OF RISK-REDUCTION MECHANISMS** – Methods to integrate loan guarantees, partial credit guarantees, political risk insurance, and natural catastrophe insurance to promote finance

Terra's Selected Finance and Markets Work

National REDD+ Readiness

Supported countries and their institutions to design national and sub-national policies and programs to reduce risk and promote international financing for REDD+. This included an extensive review of the state of development of Colombia's REDD+ institutional frameworks, including policies, processes, and technical and market infrastructure required for market-based approaches, including publically funded payment-for-performance. It provided recommendations for priorities, activities and points of leverage that will help Colombia build broad sources of funds (public and private) and participate in the development of market-based approaches to carbon finance for forest and land-use mitigation actions. In addition, more focused finance and markets assessments were developed for Ecuador and Peru.

Results-based Programs and Markets

Terra is member of the Technical Advisory Group for the World Bank Forest Carbon Partnership Facility (FCPF) Carbon Fund, and, through the Forest Carbon, Markets and Communities (FCMC) Program, prepared issues papers on i) MRV, ii) Operational and Financial REDD+ Requirements, iii) Permanence, and iv) leakage. Terra also contributed significantly to the development of the Carbon Fund Methodological Framework.

A series of papers and workshops on carbon market demand and engaging the private sector have been delivered, including i) REDD Emerging Compliance Markets Assessment, ii) California AB 32 Market report and IJ webcast, iii) Bloomberg New Energy Finance forest carbon and finance workshop.

In addition, technical support was provided to USAID Development Credit Authority (DCA) to develop its new loan guarantee product for a portfolio of REDD+ projects, including developing the template for the Loan and Agency (brokerage) agreements.

Terra, through the FCMC program, is developing a comprehensive Good Guidance Document (JNR GG) for the Verified Carbon Standards Nested Jurisdiction REDD Rules and Requirements. This JNR GG document will be used by governments and their development partners to prepare, validate and verify the GHG emissions from their REDD+ programs.

Terra Global Capital, LLC was founded in 2006 to facilitate market and results-based payment approaches for forest and land-use emission reductions that provide community benefits. Terra is now the leader in forest and land-use analytics and finance, providing technical expertise and investment capital to their global client base in a collaborative and innovative manner. As a group, Terra has more global experience in the land-use sector than any other entity, and we are committed to working with local partners to build capacity and support local communities and governments to sustainably manage their land. Terra has extensive developing country experience and is the leading developer of protocols and aggregation services for GHG emissions reductions from a full range of agricultural activities in the United States.

