Stakeholder group
„Governments“

DK, U.S., CH, EU, U.K.
1. Scope of financing
   a) What activities to be included?

   • All carbon performance benefits related to forests contributing to climate mitigation (e.g. improved stoves) are eligible
   • Standards with credibility for the results to be achieved and the broader market (sellers and buyers)
   • Role of performance guarantees is important
     – ensure co-benefits (social, ecosystem services, biodiversity)
     – avoid perverse incentives
   • The hierarchy of guarantees has still to be developed ....
1. **Scope of financing**  
   b) How to ensure appropriate access?

- **Initial**: funding is required at national level for
  - Information on mechanism, available funds, etc.
  - Preparing projects, Readiness, enabling national conditions, sharing experiences

- **Long-term vision** is that
  - Competition amongst the recipient countries with good business climate will work
  - The countries in need that can offer the best situation including carbon performance and governance
2. Revenue raising
a) How to raise funds?

• ODA funds will not be sufficient
  – Use ODA for readiness
  – Start with market linked
  – Progression to direct market mechanisms
  – Both regulatory and voluntary markets are needed

• The right mix is critical for impact
2. Revenue raising
   b) Which mechanism?

   • Attract investments by
     – Forest sector governance including land tenure and carbon rights, enabling national conditions for private sector
     – Rigorous REDD standards for credibility
     – Regulations provides oversight to markets

   • Risk reduction will be important, e.g. through national buffers

   • Long-term vision on a low carbon atmosphere is needed to create economic expectations for investments
3. Revenue disbursement
   a) national, sub-national or project?

• Both National and Sector approach
  – guaranty enabling conditions and legal framework
• Sub-national and project approach are possible, but under the national framework
3. **Revenue disbursement**

b) decentralised or centralised?

- **Experiences from CDM**
  - To achieve scale, need for consolidated and bundled from bottom-up
  - Funding from different sources needs coordination at the national level
  - Many projects should be bundled into a national programme
4. Sharing of benefits
   a) How to ensure?

   • Principle of national sovereignty, responsibility and interest to ensure mechanism for proper benefit distribution within the country – but:

   • National guarantee for long-term performance and confidence to critical for the market (AAA-rating)

   • Ratings include socio-economic and environmental criteria, governance issues – these criteria still to be developed
4. Sharing of benefits
   b) Sharing by whom? How?

- REDD is not designed for poverty reduction but for climate mitigation, but:
- Proper co-benefits are critical for a positive impact on long-term performance and are intrinsic to create a sustainable carbon value
4. **Sharing of benefits**
   c) **financing co-benefits?**

- Initial complementary financing for co-benefits by ODA through implementing organisations
- Long-term vision: carbon benefits will bring proper co-benefits when mechanism properly designed
5. Participation of stakeholders
   a) What is needed?

• Participation of stakeholder consultation is requirement at national level and has to be developed at this level – it guarantees long-term performance if properly designed
5. Participation of stakeholders
   b) Who pays for it?
   
   • National responsibility with support of ODA readiness
6. Other important issues

- Capacity building, training and sharing of experiences at national level
  - in developing countries and in developed countries
  - For negotiators
  - Inter-sectoral
  - Not only for REDD

- Increased absorption capacity in developing countries for designing and implementing big programmes