Group three feedback

Day 1 afternoon session
Questions dealt with organically!

1. Finance instruments
2. Safeguards & FPIC
3. Co-benefits
4. Commitment & Opting out
5. Triggers for moving through phases
1. Long-term viability of finance instruments

• situation is different for fund-based and market-based

• for market, long-term commitment comes from binding contracts (espec. in Phase 3)

• for funds, agreement likely to be limited to a specific phase (eg FCPF for Phase 1) – longer term commitment needs to be negotiated with new instruments – RISK of shift from grants to loans and/or market finance, more complex to negotiate and subject to shifting political priorities

• Hope that a new funding window within the Convention will ease this risk for Phase 2, as there will be no market incentive at this stage.

• Indonesia is negotiating a “whole package” approach for the 3 phases bilaterally with Australia and Norway – but not all countries have power to do that – therefore need for capacity building for countries to make the funding transition as part of Readiness phase
4. Commitment & Opting out

- national commitment is linked to international credibility and access to REDD funding

- national commitment is not only governmental

- need a **multi-stakeholder approach** to reach that position

- multiple stakeholders can hold each other to account – self-regulation

- the drivers of deforestation are very political. To combat them REDD needs to compensate them financially

- economic co-benefits – forests generate money without cutting trees – and REDD commitment can create price premium for products

- “Opting out” is opting out of finance, so unlikely to be a desireable option. The challenge may be more about how do you “stay in”.
3. Co-benefits

• Social and environmental co-benefits are automatically rewarded by the voluntary market which places premium price on “high quality” carbon

• Therefore in Phase 1 & 2, co-benefits should be identified & encouraged, to prepare countries to enter market where they will be rewarded

• When biodiversity and land tenure /forest governance reform (and maybe others) are means of ensuring permanence, they should be made pre-conditions of REDD for the full implementation phase

• REDD itself is actually a co-benefit of sustainable management of forests. Can existing forest certification processes guarantee further co-benefits?

• Social and political co-benefits cannot easily be reduced to a financial value e.g. Tenure rights – and some of these start from day one of the process before the market is there to reward them

• There must also safeguards related to REDD (“do no harm”), and they are not the same as co-benefits (“do more good”)
2. Safeguards & FPIC

• safeguards need to be made explicit – what safeguards?

• sustainable forest management standards can be used as the safeguard mechanism

• need to create an affordable mechanism not to penalise small forests

• In some contexts it may be possible to have a REDD add-on to existing national forest standards

• traditional land use management by indigenous peoples must be referenced in such standards

• Market can positively stimulate maintenance of standards

• (WE NEVER GOT TO DISCUSS FPIC)
5. Triggers for moving through phases

• Concept of “stage gate” process

• multiple stakeholder process is precondition for shift from readiness to PAM phase

• AS A GROUP WE GOT NO FURTHER