### TFD's consensus on frameworks for the financing and implementation of REDD-plus

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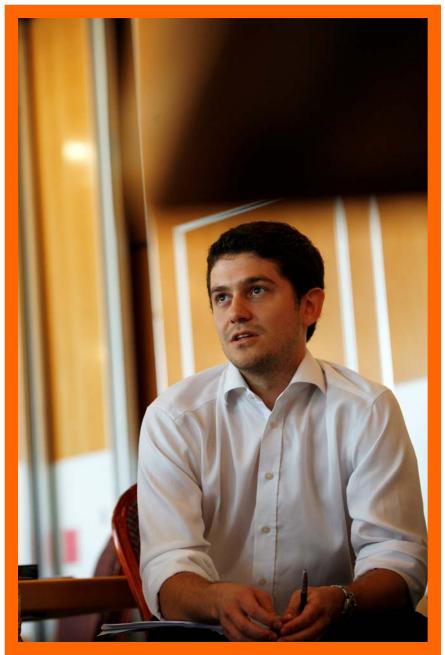
#### "Investing in REDD-plus"

28 - 29 October 2009

Brazil REDD READINESS Dialogue

Belém, Parà, Brazil





### Process 2009

- Build on *Beyond REDD* consensus document
- Multi-stakeholder process focusing on REDD plus finance and implementation
- To provide specific recommendations for Negotiators, the Informal Working Group on Interim Financing of REDD and REDD Readiness dialogues
- Policy dialogues Montreux, Gland, London
- 100 forest sector leaders involved





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#### Investing in REDD-plus

Executive summary of The Forest's Dialogue consensus—September 2009

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These dialogues produced a consensus on financing for REDD-plus, including 26 recommendations which, If taken up, will ensure the integrity of REDD-plus as a mechanism for combating climate change through reducing emissions from detorestation and forest degradation and the conservation and sustainable management of forests. The 26 recommendations are presented in full in a separate document. The key points of the consensus are summarized here.

#### UNDERPINNING PRINCIPLES

- REDO-plus finance mechanisms should be sufficiently robust to deal with in-country and international leakage, use credible baselines, must achieve verifiable additionality, and result in value for money.
- REDO-plus should lead to real reductions in CO<sub>2</sub>, enhance forest ecceptarm functions and the supply of critical ecceptarm services, protect and respect the rights of Indigenous Peoples and local communities, and ensure equitable benefit sharing.
- In addition to reducing emissions from deforestation and forest degradation REDD-plus finance mechanisms should also create incentives for additional actions in forest consensation, sustainable forest management, and the enhancement of carbon slocks.
- REDO-plus processes should allow the broad participation of all stakeholders, on equilable terms, at the national and international levels.

#### PHASED APPROACH

- A phased approach will allow REDD-plus to address the drivers of detorestation according to country-specific circumstances.
  - In phase one, REDO-plus strategies will be developed at the national level.

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- In phase two, enabling policies and measures will be put in place to allow the implementation of REDD-plus and encourage scaled-up investments.
- In phase three, market and fund-based mechanisms will deliver performance-based payments for emission reductions and carbon stock enhancements that are subject to third-party verification.

#### FIRANCIAL ARCHITECTURE

The finance portfolio for REDO-plus should make optimal and coordinated use of both markets and funds, as well as other sources of finance.

#### Ional level. for REDD-plus."

"TFD's findings have bearing on both an eventual REDD finance mechanism within the UNFCCC and any interim finance arrangements that might complement such a mechan

# Investing in REDD-plus

Launched October 1<sup>st</sup>, 2009 during UNFCCC Climate Change talks in Bangkok:

Twenty-six recommendations and an executive summary & matrix

"This submission represents the consensus of a range of forest leaders across the business, environmental, scientific, Indigenous Peoples and forest – based communities on financing for REDD-plus."

# **TFD Investing in REDD plus – Consensus on frameworks for financing and implementation**

UNFCCC Bangkok Climate Change Talks 1 Oct 2009



- Incentivize a full range of SFM actions linked to additional reductions in GHG emissions
- Phased approach capacity building leading to verifiable performance payments
- Social, environmental and financial safeguards
- Mix public and private funds to be utilized



# Underpinning Principles

- Robust enough to deal with leakage, use credible baselines, verify additionality and be economically efficient
- Lead to real CO2 reductions, enhance forest ecosystems, respect rights of Indigenous Peoples and local communities and ensure equitable benefit sharing
- REDD plus... in addition to avoided deforestation, create incentives for forest conservation, sustainable forest management and enhancement of carbon stocks
- REDD plus should allow the broad participation of all stakeholders on an equitable terms at national and local levels





# Phased Approach

- Phased Approach with strong performancebased safeguards
- Triggers guiding the transition from one phase to the next
- Matrix mapping key outcomes, safeguards, finance mechanisms and triggers





### Financial Architecture

- Financial Stability through public and private funding and country commitments
- A portfolio of finance mechanisms
- Additionality of funds: additional to regular Overseas Development Aid (ODA) funding

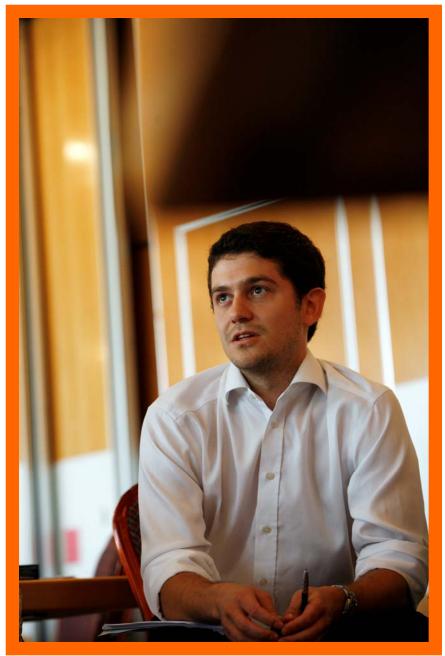




### MRV and Financial Assurance

- Importance of robust Monitoring, Reporting & Verification (MRV)
- Performance-based delivery and safeguards (including benefit sharing)
- Social, environmental and financial audit to complement carbon monitoring (either part of or separate from MRV)
- Free prior and informed consent as a rights issue and as a procedure





# Institutional Arrangements

- Build governance through adaptive management, piloting and learning
- REDD-plus oversight body with mandate from & under auspices of COP
- Standards for accounting and tax codes
- Formal grievance structures
- Strong partnerships & active participation through multistakeholder platform





### Matrix map

#### Three phases

- 1. Preparation & readiness
- 2. Policies & measures
- 3. Performance payments

### Based on

- Outcomes
- Safeguards environmental, social & financial
- Finance Mechanisms
- Triggers eligibility criteria



	PHASE 1 Preparation and readiness	PHASE 2 Policies and measures	PHASE 3 Performance-based payments
Outcomes	<ul> <li>REDD-plus strategy</li> <li>Issue identification</li> <li>Preparation of protocols</li> <li>Capacity building assessment</li> <li>Institutional development</li> <li>Demonstration activities</li> <li>Co-relate national and regional development policies, including land- scape land-use plans and forest plans</li> </ul>	<ul> <li>Capacity building</li> <li>Development of national REDD-plus portfolios</li> <li>Benefit sharing and equitable distribution</li> <li>Pilot projects</li> <li>Inclusion of small-scale projects</li> <li>Carbon registry</li> </ul>	<ul> <li>CO<sub>2</sub> reduction</li> <li>Verification</li> <li>Social and environmental impact assessment</li> </ul>
Safeguards	<ul> <li>Transparency</li> <li>Participation and representation</li> </ul>	<ul> <li>Stakeholder platforms</li> <li>Social and environmental audits</li> <li>Governance and legality audits</li> <li>Free prior and informed consent of Indigenous Peoples</li> <li>MRV system</li> <li>Transparency</li> </ul>	<ul> <li>MRV system</li> <li>Free prior and informed consent of Indigenous Peoples</li> <li>Social and environmental audit</li> <li>Financial audit</li> <li>Financial accounting guidance from the Financial Accounting Standards Board and the International Accounting Standards Board</li> </ul>
Finance mechanisms	<ul> <li>Multilateral and bilateral grants</li> <li>Proposed windows within the UNFCCC</li> <li>Private funding</li> <li>Public-sector funding</li> </ul>	<ul> <li>A portfolio of finance tools</li> <li>Underwriting financial, livelihood and political risks</li> <li>Rules for performance-based payments</li> <li>Implementation of equitable distribution mechanisms</li> </ul>	<ul> <li>Compliance market</li> <li>Non-market compliance fund</li> <li>Underwriting risk</li> <li>Equitable distribution mechanisms</li> </ul>
Triggers/ eligibility criteria	<ul> <li>Multi-stakeholder endorsement</li> <li>Plan for overcoming governance and policy gaps</li> </ul>	<ul> <li>Adequate legal rights and tenure systems</li> <li>Endorsement of benefit distributions</li> <li>National capacity to implement and audit</li> <li>Carbon registry</li> <li>Free prior and informed consent of Indigenous Peoples</li> <li>MRV system</li> <li>Proxy indicators</li> </ul>	<ul> <li>Forest carbon-pool buffer and forest carbon project insurance</li> </ul>



# REDD Readiness Dialogues

Main Objectives:

- Raise awareness and promote exploration of REDD readiness challenges among a wide spectrum of local stakeholders
- Provide well-targeted recommendations to overcome challenges experienced in the REDD readiness phase at the local, national and international levels





# REDD Readiness Dialogues

Sub-Objectives:

- Catalyze stakeholder engagement processes and create & support on-going local mechanisms
- Educate locally-rooted wellconnected REDD protagonists
- Establish a feedback loop between international and local REDD related processes





# Current Action Plan

- 7 August- REDD Readiness Field Planning Meeting (Switzerland)
- September input to final report of Informal Working Group on Interim Financing of REDD
- 26-29 October- REDD Readiness Field Dialogue (Brazil)
- 16-19 November REDD Readiness Field Dialogue (Ghana)
- UNFCCC COP 15 Copenhagen promotion & networking
- 12-15 January, 2010-REDD Readiness Field Dialogue-(Guatemala)





### Expected Outcomes

- REDD Readiness Dialogue Country Reports
- REDD Readiness Country Recommendations to be shared with local government and international initiatives
- TFD review on REDD Readiness Field Dialogues





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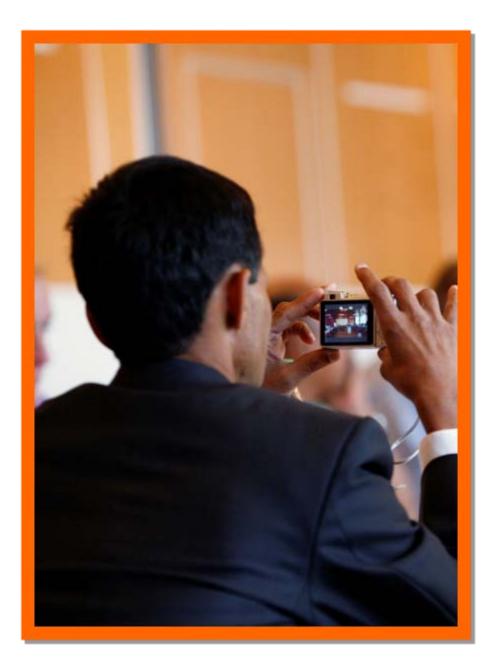
### Post Copenhagen COP 15

#### It depends on what:

Negotiators &
 Governments decide

- •The Informal Working Group on Interim Financing for REDD does next
- Actions take World Bank's Forest Investment Program
  & Forest Carbon Partnership Facility





#### **TFD Documents and Publications**

Available electronically in English, Spanish, French and Portuguese at: www.theforestsdialogue.org

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