

Dialogue on REDD financing mechanisms

Environmental NGO Group

Scope

- What is our objective i.e. reducing deforestation by 50% by 2020.
- REDD+ definition: Items under the Bali Action Plan need further clarification.

Generation of Resources

- Definitions are unclear: there are various types of market.
 - Additionalilty / Fungibility
- Lessons learned for national activities
 - JI and International Emissions Trading
- How do national PAMs tie in with project-based activities.
- Markets not necessarily the end point.

Phased Approach

- Funding may not flow sequentially
- Lack of clarity about what comes under each phase
- Issues surrounding the transition between phases
- Countries vary in their national circumstances and may not move at same speeds.

Phased Approach

1. Readiness	Grants (Voluntary funds)
2. PAM	Grants (Voluntary funds) Concessional Financing PPP AAU Auctioning Govt self-financing Taxes/levies
3. Performance (ERs)	Markets / Other

Institutional Arrangement

- No discussions

Delivery Mechanisms

- Performance-based payments will be required.

Revenue Disbursement

- Are we looking for broad participation or targeted emissions reductions (we can solve 2/3 of deforestation in two countries)
- Distribution mechanisms and social equity issues need to be established in phases 1 and 2 (Readiness and PAM)

Sharing of Benefits

- No discussions

Effective Participation

- No discussions

Perverse Incentives

- In a phased approach countries might not announce accurate emissions reductions in Phase 2 if they cannot bank into Phase 3