

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