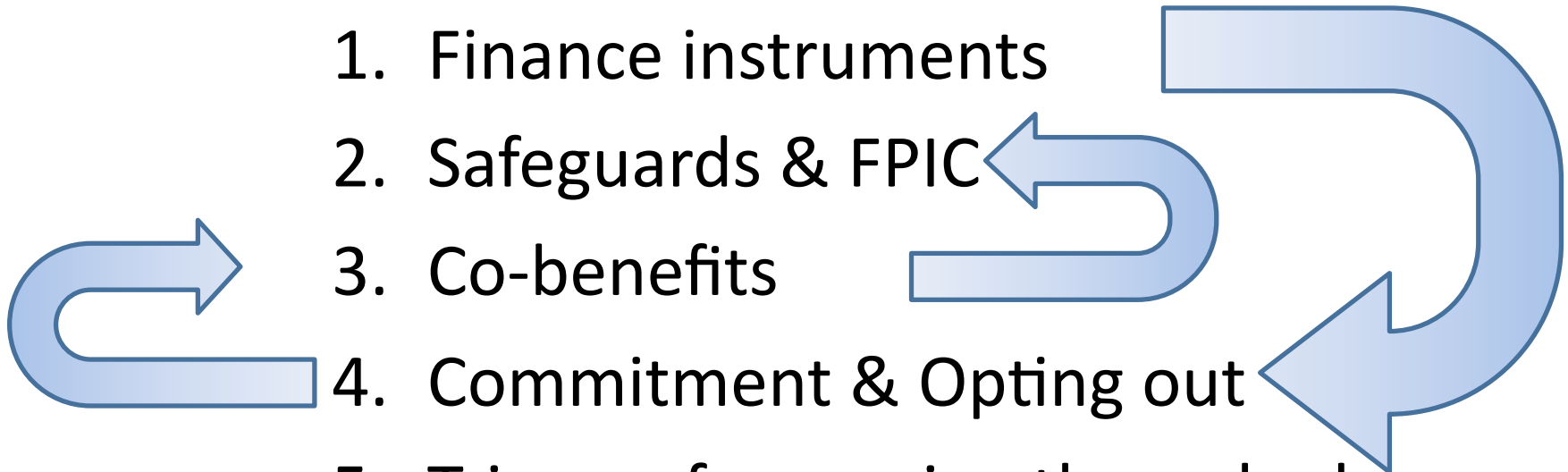


# Group three feedback

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 desirable 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