



Coalition for Rainforest Nations

Moving forward:
Interim REDD+
Partnership
Arrangement

Towards a long-term
International REDD+ Mechanism

Paris, France
11 March 2010

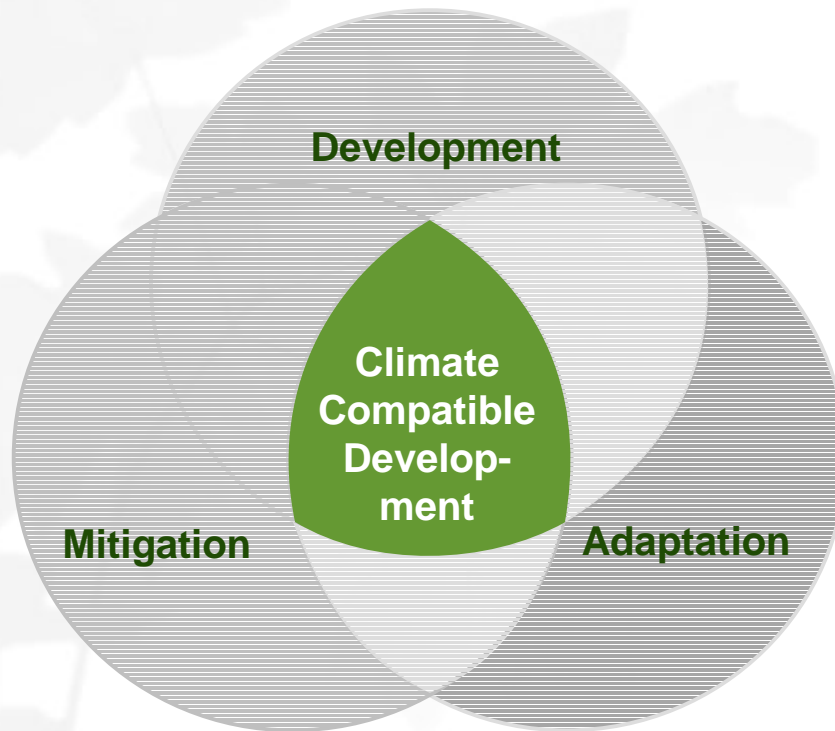


Agenda

- 1. PNG's Experience: Development & REDD+**
2. Status for REDD+ post-Copenhagen
3. Thoughts on the Institutional Needs for an Interim REDD+ Arrangement
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Papua New Guinea's Climate-Compatible Development Strategy has three overarching goals to be achieved together

Strategic framework



Goals

Economic Development: Achieve GDP per capita of US\$ 3,000 by 2030 (from US\$ 1,000 in 2009) while meeting our people's aspirations for a better life.

Mitigation: Reduce emissions of greenhouse gases, by at least 50% by 2030 and become carbon neutral by 2050. Over 90% of this goal will come from REDD+

Adaptation: Invest to reduce the vulnerability to the risks associated with climate change, such as coastal and inland flooding, malaria and agricultural yield change.

PNG's "Vision 2050" implies strong growth, relying heavily on agriculture, mining, oil, gas and services

Assumptions for growth by sector

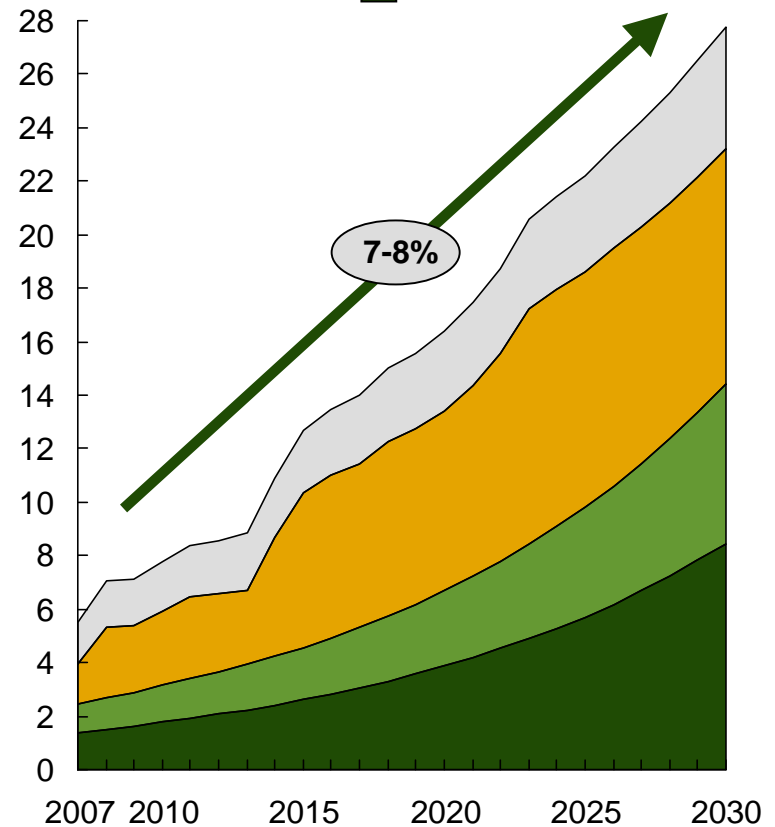
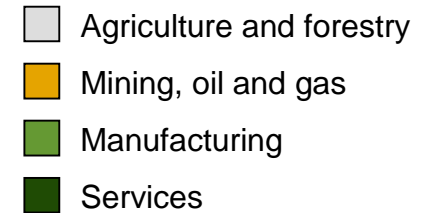
Agriculture and forestry	Food crops	1% yield & 1% area p.a.
	Palm oil	2% yield & 7.5% area p.a.
	Coffee	2% yield p.a.
	Cocoa	2% yield p.a.
	Forestry	Slow rate of increase

Mining, oil and gas	Gold	Double production by 2020
	Copper	Double production by 2020
	Nickel	Double production by 2020
	Oil	Gradual decline
	Gas	Open 2 plants (2013,2023)

Industry	Manufacturing	8% p.a.
	Construction	8% p.a.
	Power	5% p.a. for all

Services	Retail	8% p.a.
	Transport	8% p.a.
	Telecoms	8% p.a.
	Tourism	10% p.a.
	Fin. services	8% p.a.

GDP by sector
Constant 2007 USD bn

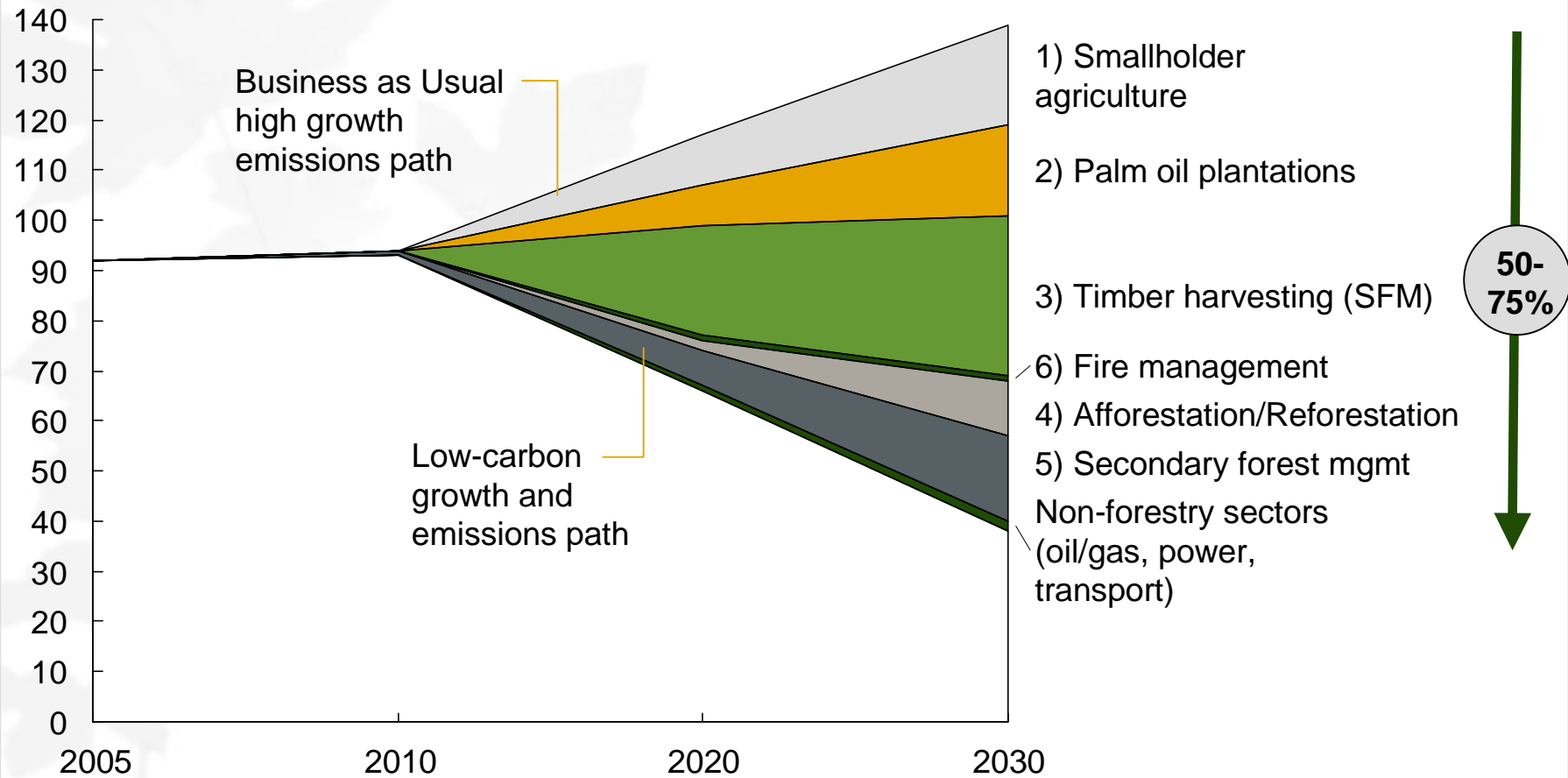


Overall, emissions can be reduced by 50-75% by 2030 on the way to carbon neutrality by 2050

PRELIMINARY

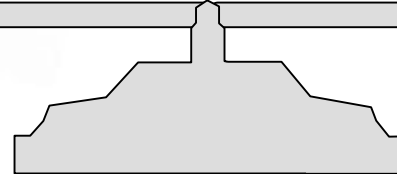
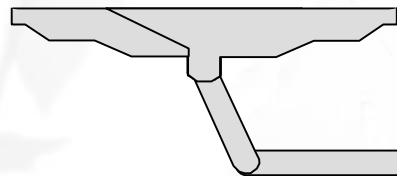
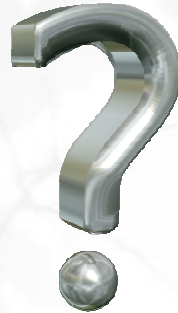
Emissions from all sectors under maximum abatement scenario

Mt of CO₂e/ year; 2005-2030

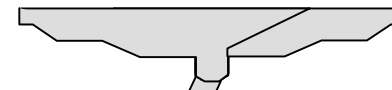


Predictability of funding necessary for developing countries to embark on a low carbon growth pathway

Political and economic risk associated with difficult economic transformations...



... needs to be balanced with adequate, predictable, sustainable funding



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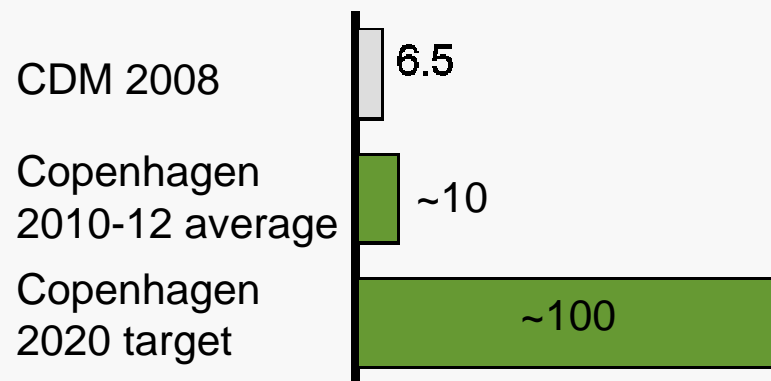
The Copenhagen Accord includes substantial financial commitments

Principles of Copenhagen Accord

- Sets goal for all countries to limit global temperature rise to less than 2 degrees above pre-industrial level
- Recognises that mitigation in developing countries must go together with economic development
- Broadens scope of mitigation actions to more countries and sectors, including land-use change and forestry
- Confirms REDD+ as a critical component of mitigation
- Raises importance of adaptation and provides additional funds
- Commits developed countries to unprecedented financial support overall, rising to \$100bn per year by 2020

Funding and next steps

Funding of CDM versus Copenhagen USD billion

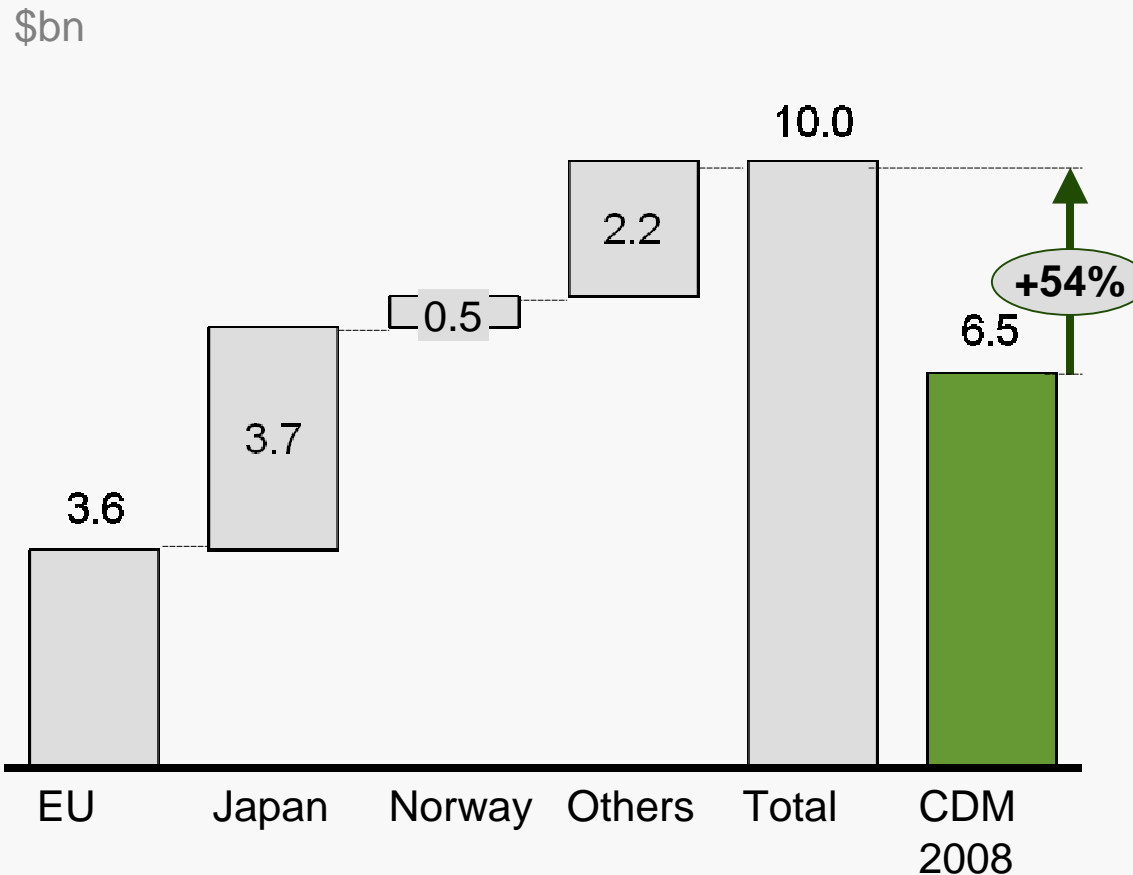


Next steps

- Over 70 countries have made public commitments to mitigation and adaptation actions since Copenhagen
- The Accord envisages continued engagement through the UNFCCC process, leading to COP-16 in Mexico

Short term financing committed through a 'fast start' partnership

Fast start funding per annum 2010–12



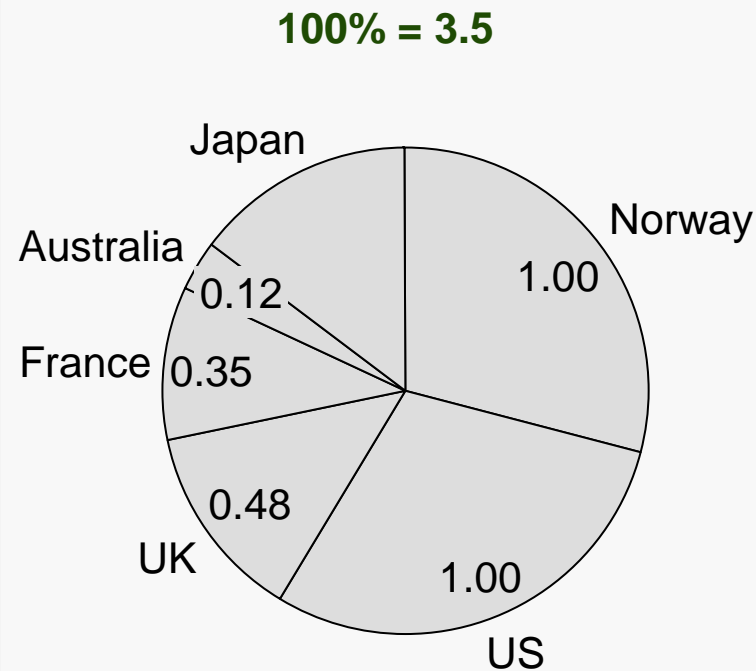
- Formal commitment of \$30bn for 2010-12 by developed countries
 - Adaptation and REDD strongly emphasized
 - Mechanism for channelling funds unclear
- Goal of \$100bn per year by 2020 in long-term finance
 - Sources undefined
 - Governance systems to be defined
 - CDM not addressed (yet)

The role of REDD recognized and \$3.5bn so far committed

AS OF JAN 12

\$3.5bn committed for REDD-plus...

\$bn, total 2010-12



...but commitment is only first step

\$bn



- **€15–25bn** (\$20-35bn) is required for early action on REDD+ between 2010–15 for a decrease in global deforestation rates of 25% [IWG-IFR]
- 2010–12 commitments approx 1/3 of required level

REDD+ almost completed within the UNFCCC

Body

Overview

Conference of the Parties

- REDD+ part of future regimes
- Apply IPCC Methods for carbon estimation
- National forest monitoring systems (steps toward)
- Guidance for Demonstration Activities

SBSTA

- National forest monitoring systems
- if appropriate, sub-national systems as part of national monitoring systems
- historic data, and adjust for national circumstances

AWG-LCA

- Principles
- Safeguards
- Inclusive of all REDD+ Actions
- Phased Approach

Remaining Issues

- Ambition (reductions and finance)
- Structure of Financial Mechanism (NAMAs?)
- National Accounting (role of sub-national)
- Systems for MRV of Actions and Support

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Overview of the current landscape of major REDD+ initiatives

Multilateral funds

REDD+ Initiative

Payment

▪ FCPF Readiness Fund
(\$180 / \$155 / \$10 / \$3*)

▪ Pay readiness plan and readiness activities

▪ FCPF Carbon Fund
(\$55 / \$34 / \$0 / \$0*)

▪ Pay for readiness and emission reductions

▪ UN REDD Programme
(\$74 / \$54 / \$10 / \$16[\$2]*)

▪ Pay for readiness preparations

▪ FIP
(\$406 / \$0 / \$0 / \$0*)

▪ Pay for readiness transformation

▪ GEF
(\$250 / \$0 / \$0 / \$0*)

▪ Pay for projects

▪ CBFF
(\$200 / \$200 / \$? / \$?*)

▪ Pay for projects

Bilateral partnerships

▪ The Amazon Fund

▪ Pay for performance

▪ Guyana REDD+ Investment Fund (GRIF)

▪ Pay for performance

Other

▪ NGO's
▪ VC's

▪ n/a (Initiative specific)

▪ **Pledges:**
USD ~ \$1 bil.

▪ **Disbursed directly to REDD+ :**
USD ~10 million

* \$ Pledged / \$ Received / \$Secretariat, \$ Paid Out

There is pressing need to restructure existing REDD+ efforts

Situation today...

- Lack of coordination
- Overlapping governance
- Significantly underfunded
- Inconsistent methods
- Learning silos
- Inefficient decision-making
- Misguided stakeholder involvement
- Un-integrated development planning

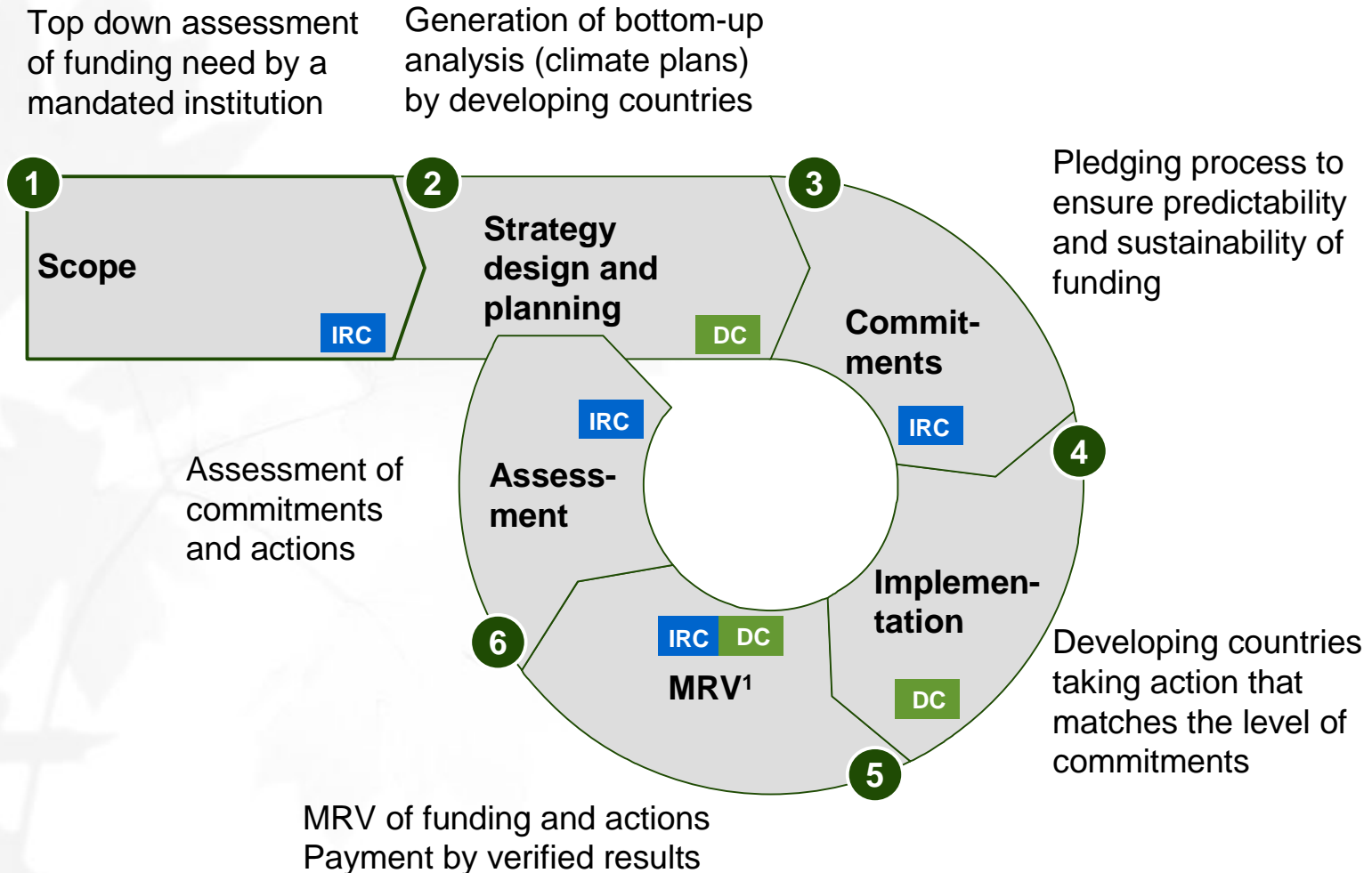
... needs to be improved

- Establishment of central coordination
- Clear responsibilities
- Funding from multiple sources
- An agreed set of guidelines
- Best practise and knowledge exchange
- Clear and lean processes
- Appropriate and timely consultation
- National development strategies

An institutional and finance framework should be built to support the financing process

Responsible:

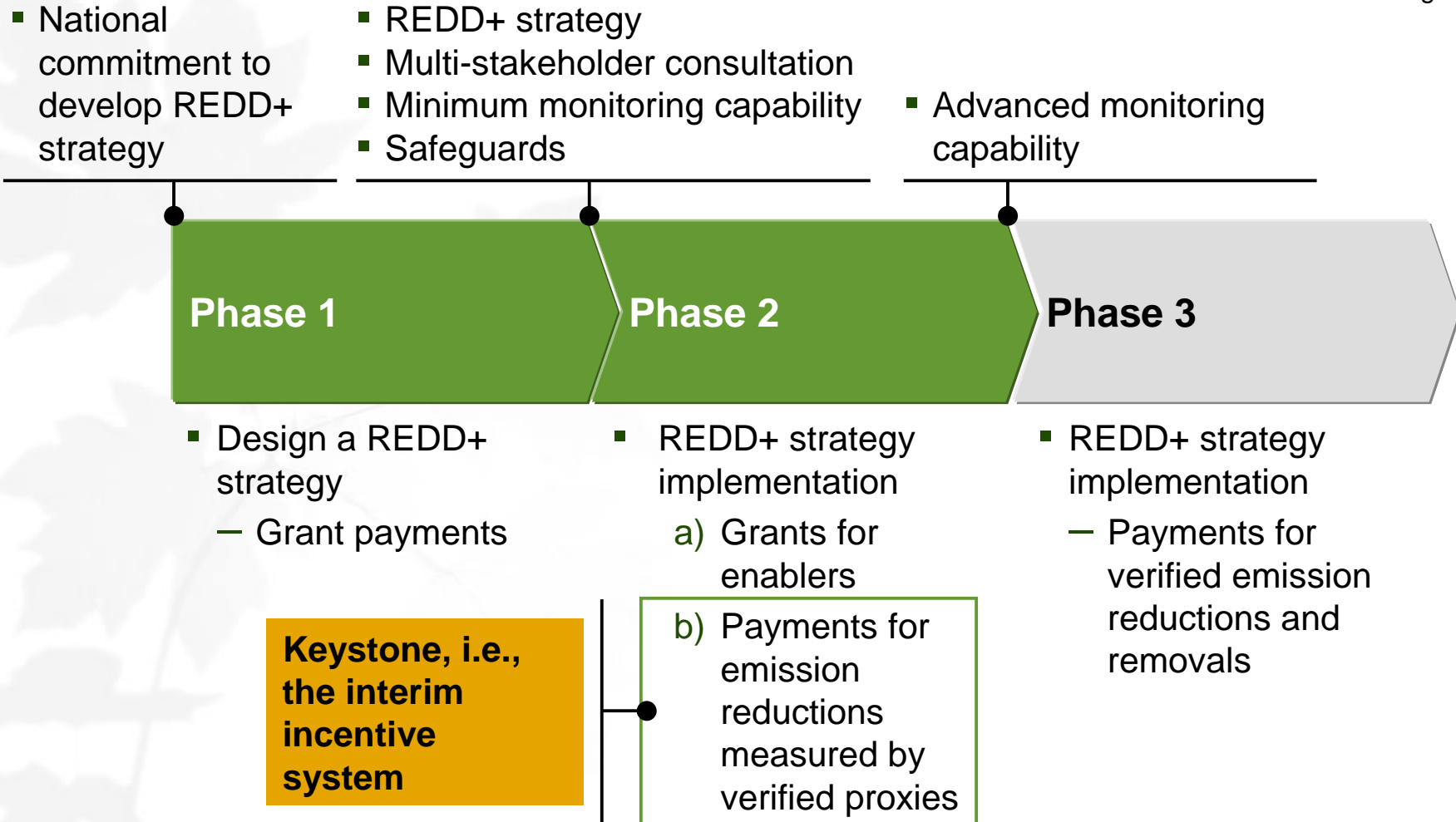
- IRC Interim REDD+ Com.
- DC Developing Countries



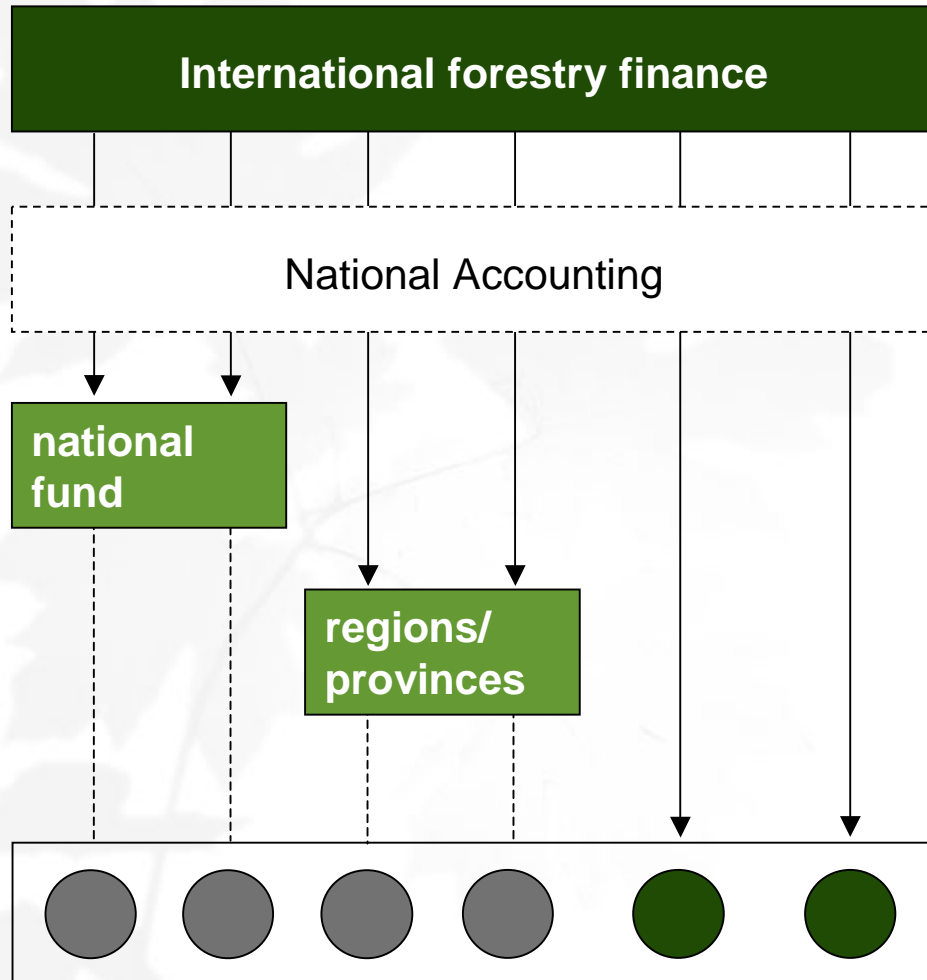
¹ DC responsible for Measurement and Reporting, with HLB overseeing Verification

A phased approach provides flexibility and immediate action

■ Potential scope for interim financing

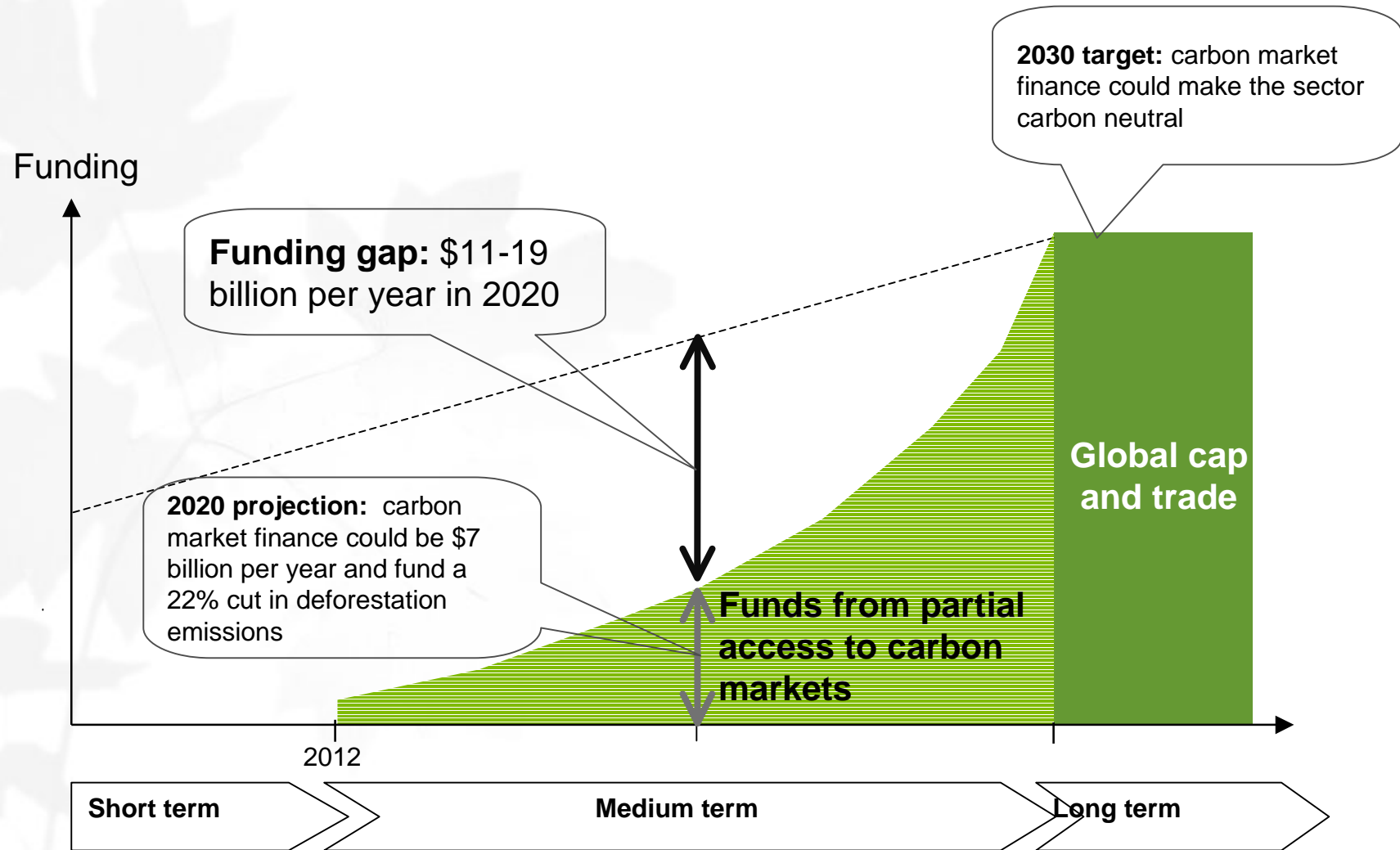


National options for distribution of finance based on policies or drivers



- ← All units registered nationally to avoid 'double counting'
- ← State can opt to invest directly and keep the credits centrally...
- ← ...and /or devolve credits to regional level
- ← ...and / or allow investors and communities to certify projects and receive credits in return

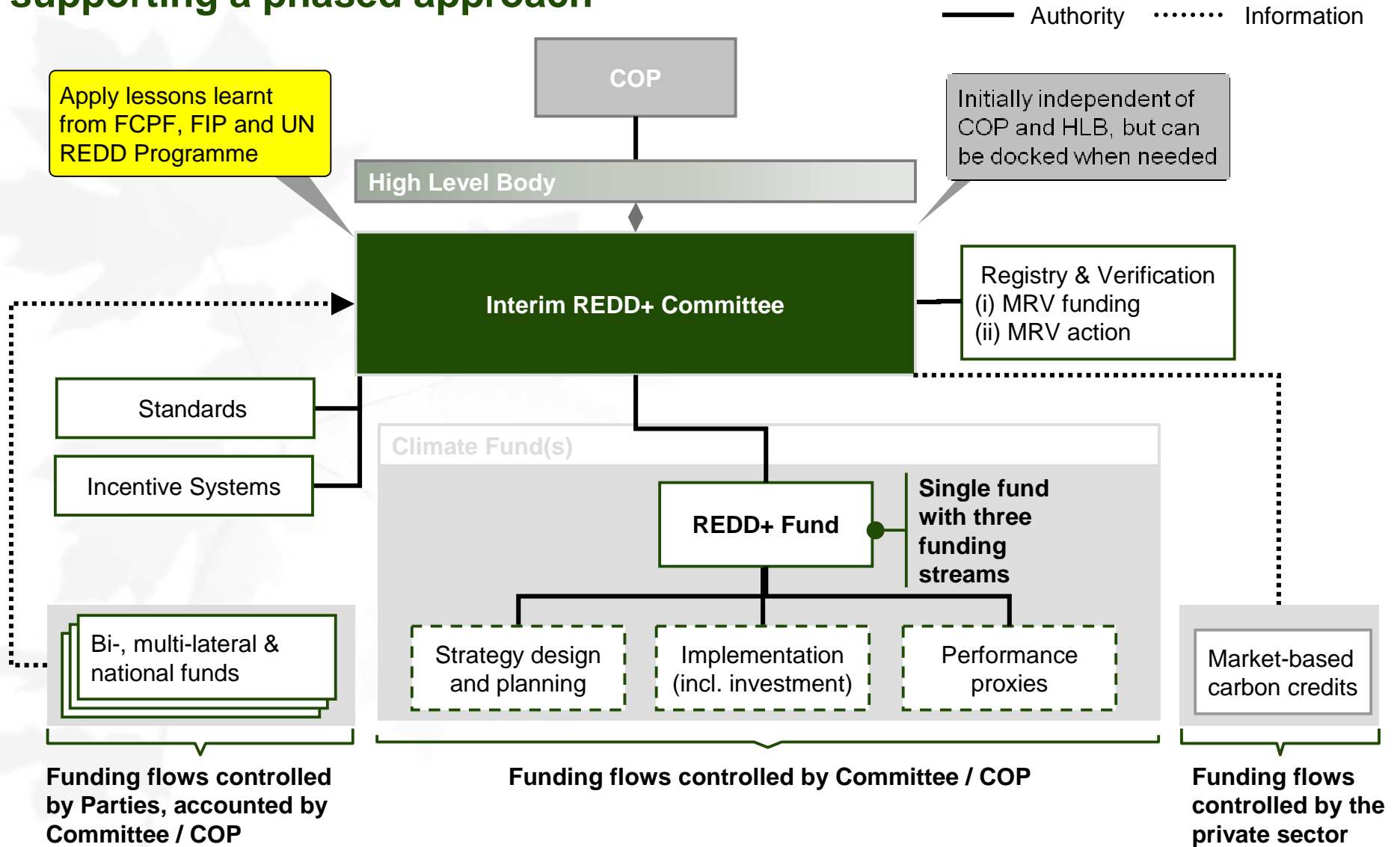
Public finance needed before carbon markets can be phased in during the medium term



National level institutions built around a set of principles

Principle	Description
Development of national governance functions	<ul style="list-style-type: none">▪ Developing countries should establish a governance structure that matches the global finance mechanism, supports strengthening of national institutions, and ensures development of technical bodies
Strengthen national trust funds	<ul style="list-style-type: none">▪ National trust funds should be made to work reliably and transparently▪ Equitable and fair benefit distribution▪ Prudent financial management
Transition to direct access to funds	<ul style="list-style-type: none">▪ Developing countries may enter partnerships with international institutions to ensure fiduciary oversight▪ Developing countries should over time develop own process and capabilities
Flexible choice of implementing agencies	<ul style="list-style-type: none">▪ The choice of implementing partners should be under national control of developing countries▪ Encourage public-private partnerships

In a REDD+ institutional framework, a REDD+ fund with three windows supporting a phased approach



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Suggested outcomes from today's discussion



- **Agree** to work together towards the establishment of an 'Interim REDD+ Partnership Arrangement'...
- ... which should be **guided by and support UNFCCC** negotiations
- **Start** process today (Paris meeting of March 11)...
- ... **finalize** arrangements by May 27 at the 'Oslo Climate and Forest Conference'
- **be informed** by a thorough review of the status quo (actions, finance and institutions) which should be completed asap
- **draft concepts** for the Interim REDD+ arrangement could be submitted asap
- **Virtual group of facilitator countries** (4+4) overseeing a small technical 'secretariat' to drive process in an inclusive and transparent manner
- Outcome to include '**Oslo Accord for an Interim REDD+ Partnership**' including a scale-up plan for funding