

Bangkok Climate Change Conference - August 2012



## Financing REDD+ phase 3

***Workshop on financing options for the full  
implementation of results-based actions relating to  
REDD+***

Bangkok, 30 August 2012



Coalition for Rainforest Nations


# Durban outcome – COP17

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- Recognizing the importance of effective and continuing support for activities referred to in decision 1/CP.16, paragraphs 73 and 76
- Results-based finance provided to developing country Parties that is new, additional and predictable may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources (para 65)
- In light of the experience gained from current and future demonstration activities, appropriate market-based approaches could be developed by the COP to support results-based actions by developing country Parties referred to in paragraph 73 of 1/CP.16, ensuring that environmental integrity is preserved, and the provisions of appendix I and II to Decision 1/CP.16 are fully respected. These approaches should be consistent with relevant provisions of decision 1/CP.16, decision 12/CP.17 (SBSTA) and any future decision by the COP on these matters

# Phase 3 REDD+ Financing

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- Financial resources that are new, additional, adequate, predictable and sustainable over time for the full implementation of results-based actions referred to in para 70 1/CP16, **with an appropriate, robust and transparent MRV process at the National Level should come from a flexible combination of sources:**
  - **Public Finance:** Green Climate Fund REDD+ window to replace interim institutions such as FCPF, UN-REDD , FIP , and coordinate other international financial institutions and bilateral funding
  - **Market Linked:** Public finance generated through markets, such as auctioning of allowances
  - **Market Based:** New Market-based mechanisms established in accordance with existing and future COP decisions
  - **Combined Funding:**
    - REDD+ Bonds
    - Advance Market Commitment
    - Sectors  Coalition for Rainforest Nations

# New Market-based Mechanism (I)

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## Elements for REDD+

- **Results Based:** Results based activities referred to in paragraph 73, decision 1/CP.16 assuming that adequate financial resources for phases 1 and 2 are fully available
- **National Level:** National reference levels, national monitoring systems, national MRV systems and processes, national greenhouse gas inventory reports, and safeguards information systems
- **MRV:** Fully fungible measurable, reportable and verifiable (MRV) emissions reductions units (a ton is a ton)
- **Environmental integrity:** National references and MRVs are critical
- **Other Elements**
  - Credits for early actions
  - Price floors
  - Reserve account
  - End of term accounting

# New Market-based Mechanism (II)

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- **Additional:** net reductions of emissions by AI Parties to be additional to current levels
- **Level of ambition:** to be increased by AI Parties
- **Voluntary:** for all Parties
- **Common standards:** ('a ton is a ton') to be applied by all Parties
- **Trading Approach:** national reference level defined ex-ante and equivalent allowances issued. No commitments but using 'objectives' – a hybrid approach
- **Reserve Accounts:** on a periodic or annual basis, a proportion of realized reduction units maintained in a reserve to provide:
  - a buffer against future emissions that are above the REL and RL, or
  - the opportunity to fulfill shortfalls by other Parties implementing REDD+
- **End of the period accounting:** if at the end of the period, emissions are above the national reference level:
  - reserves from previous years can be used or
  - negative balanced carried over into the next period



# New Market-based Mechanism (III)

- **Regulatory Body:**
  - to develop, administer and ensuring common standards,
  - to ensure environmental integrity,
  - to coordinate all existing and new market-based mechanisms
- **Carbon Reserve Bank:** to be established with the view to ensure the regular functioning of the carbon market
- **Markets:** National (ex: New Zealand and Australia) and regional (ex: EU-ETS) market-based mechanisms, which include REDD+ activities, may be used by Parties applying consistent UNFCCC agreed standards

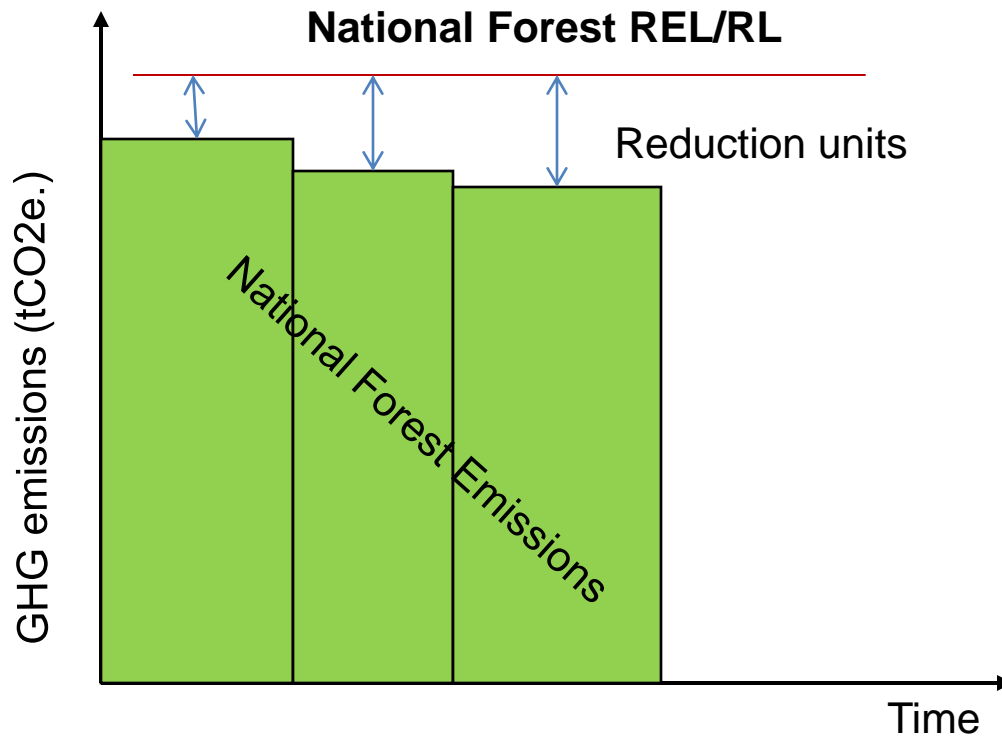
# New Markets Mechs: REDD+ Phase 3

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- National commitment to develop a REDD+ strategy
- Grant payments
- REDD+ strategy
- Stakeholder consultation
- Minimum monitoring capabilities
- Safeguards
- Grants payments
- Market-linked mechanism
- Proxies
- **National MRV**
- **National Accounting**
- **Reporting through National Communications (as for NAMAs)**
- **Market access through a New Market Mechanism**

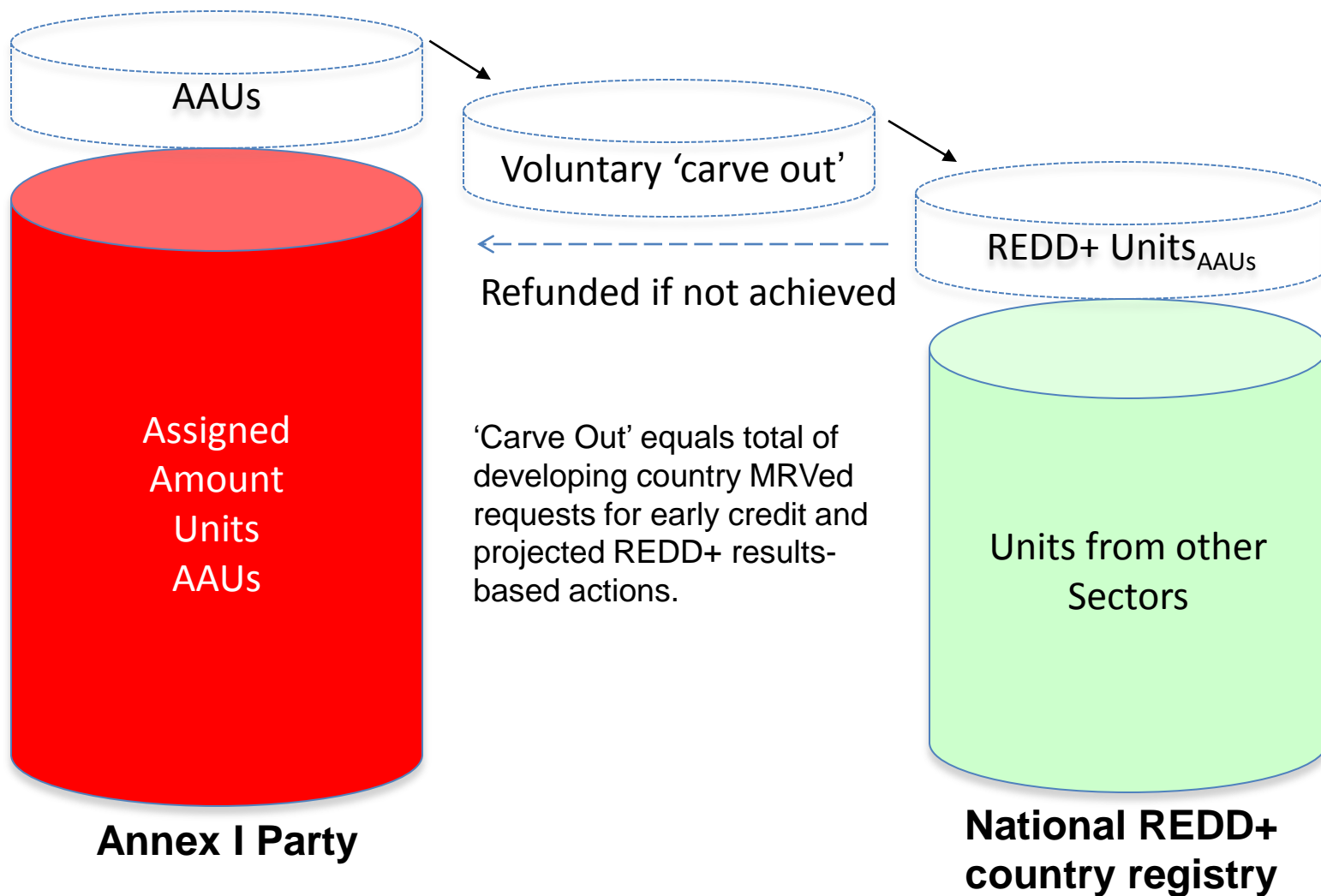
# New Markets Mechs: Reference levels



- Historical data
- National circumstances
- Rate of deforestation
- Adjustment factor



# Securing Demand: Annex-1 Leadership



# Modalities and procedures for financing results-based REDD+ actions

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- **Consistency:** with relevant COP decisions
- **Policy elements:** REDD+ activities undertaken by developing country Parties in accordance with national circumstances and respective capabilities should be supported through significant financial resources that are new, additional, adequate, predictable and sustainable over time
- **Coverage:** all forested developing countries including high forest cover countries with low deforestation
- **Governance/Institutional arrangements:** REDD+ window in the CGCF, REDD+ Board, registry, REDD+ units
- **Safeguards:** as agreed by the COP
- **Methodological elements:** national MRV, linkages with supported NAMAs, units earned under agreed national reference emission level