

1.1. What are the unique features of financing for REDD-plus as compared to financing for other mitigation options in other sectors?

- **REDD+ is a land-based issue**, covering large areas, affecting livelihoods of many millions of people, esp. local communities and Indigenous Peoples; this makes it quite complex; in addition, REDD+ aims to be a national approach, which could be different from other sectors.
- **Land tenure / land rights:** because REDD+ covers large areas and affects so many people, which often belong to the poorer section of society, land tenure rights is a sensitive issue; REDD+ should not have a negative but rather a positive impact on the tenure rights and consequently the livelihoods of that poorer section of the society.
- **Drivers of deforestation and forest degradation** are more complex than in other sectors; for example addressing agricultural expansion as an important driver of deforestation may e.g. have an impact on food security; agricultural expansion is closely linked to commodity supply as an international driver, which may be not unique but is a prominent feature, and certainly more relevant than with other sectors.
- **Safeguards:** REDD+ should contribute to preserve biodiversity, provide ecosystem services and social benefits, and furthermore it should deliver adaptation and development benefits.
- **Safeguard (d)** of the Cancun agreement requires “the full and effective **participation of relevant stakeholders**, in particular, indigenous peoples and local communities” Taking account that – as mentioned above – millions of people may be affected by REDD, this is a demanding task. This exercise may also require that transfer of payment to stakeholders needs to be carefully balanced (one aspect of benefit sharing)
- **Safeguard (f) deals with the “risks of reversals” or – in other words with the permanence** of forest-related emission reduction or enhancement of forest carbon stock: Forest carbon stock could be destroyed at any time either by human interference or by natural disturbance. This may require first of all factoring out what is caused by human interference or by natural disturbance, and that a portion of the verified emissions may need to be buffered / or set aside to ensure environmental integrity.
- **Ex-post payments for results** is another feature of REDD+, which you cannot find that prominently with other sectors.

To **sum up**: All these are unique features compared to the industry, energy or transport sector; at the same time, they are not revolutionary or new, and many features are an integral part of sustainable development.

1.2 What are some common elements that define results-based payments?

I just picked a few:

- Unit is tonne of carbon dioxide equivalent
- There is a reference level;
- Performance assessed against a baseline; with payment accordingly
- Common concept of MRV

2. Country experiences and lessons learned in addressing the issues

Here, I would give some information on **REDD Early Movers**, a new programme financed by the German Ministry for Economic Cooperation and Development (BMZ)

REDD Early Movers (REM)

Rewarding pioneers in forest conservation

Financial rewards for successful climate change mitigation

REM – Concept and Features

- ✓ Supports REDD pioneers (*Early Movers*)
- ✓ Is a results-based programme
- ✓ Contributes to closing the funding gap in the current REDD process
- ✓ Promotes equitable benefit-sharing for sustainable development
- ✓ a REDD-programme at national or sub-national level
no projects, no offsetting

REM – Providing Bridging Finance (2012 – 2018)

Can be allocated to REDD Phase II (Pilot / Demonstration activities)

- Support for Readiness
- Incentive Payments
- Performance-based payments

REM – Country Characteristics

- MRV system advanced
- Initial benefit-sharing arrangements in place (linking to established and proven structures to kick-start the system)
- Technical conditions, enabling policy and institutional environment to ensure efficient forest conservation in place
- Large-scale forest conservation programme at sub-national or national level developed, with the potential to be rapidly developed into performance-based REDD programmes

REM – The Modalities

- BMZ Resources committed in total so far: € 44m
- Carbon finance, € 36.5m
- Incentive-based or Results-based payments
- Tools and instruments (Readiness), € 7.5m

REM – Implementation Status

- First recipient: Acre/Brazil (under implementation)
- Further countries under preparation (e.g. Ecuador, Colombia)
- Norway has participated in recent missions and is working with Germany to support Colombia and Ecuador through the REM.

Complementary to this, Germany is implementing a Forest Governance Programme (global scale, with REDD+ and FLEGT as main components) and a number of additional bilateral activities. All this is done in close cooperation with other donor countries (e.g., Mission in Colombia on REDD+ has been carried out jointly with Norway and UK), the EU-REDD facility, FCPF and UN-REDD.

3. Additional issues or key elements that may need to be considered in addressing ways and means to transfer payments for results-based actions.

Excerpt from the voluntary submission of the EU on REDD+ on the item: Modalities and procedures for financing results-based actions / Ways and means to transfer payments for results-based actions (COP work programme):

(The full submission can be accessed here:

http://unfccc.int/files/methods/redd/submissions/application/pdf/20130528_eu_sbsta_redd.pdf

The following issues should be addressed under this item:

- A summary of participation requirements and enabling conditions based on earlier decisions;
- The relationship between reference levels used to assess emission reductions and incentive levels used for results-based finance (see non-paper circulated by the EU in November 2012);
- The need to record and track REDD+ finance and actions as well as the issuance, transfer, buffering or cancellation of results from the implementation of REDD+ activities by Parties, in order to avoid double counting and to maintain environmental integrity;
- Clarify that results-based finance will be provided but only in the context of a qualified, independent and international verification of results.
- An invitation to operating entities of the financial mechanism of the Convention to take into account relevant COP decisions when supporting REDD+ results-based actions.