



# Moving forward: Interim REDD+ Partnership Arrangement

*Towards a long-term  
International REDD+ Mechanism*

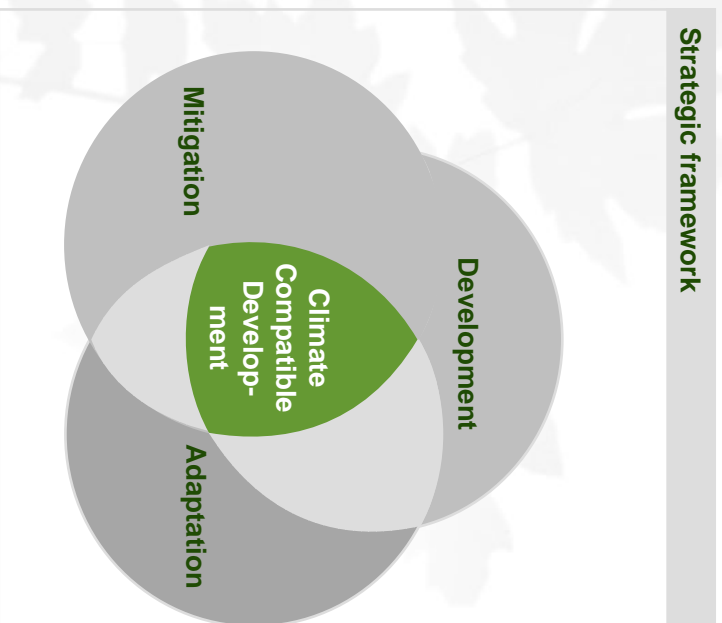
Paris, France  
11 March 2010



## Agenda

- 1. PNG's Experience: Development & REDD+**
2. Status for REDD+ post-Copenhagen
3. Thoughts on the Institutional Needs for an Interim REDD+ Arrangement
4. Conclusions and Next Steps

# 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.

SOURCE: McKinsey

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

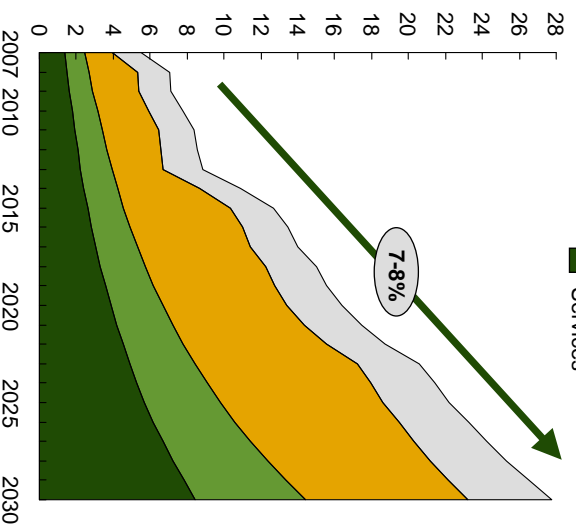
## Assumptions for growth by sector

Agri-culture 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	Manufac-turing	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

- Agriculture and forestry
- Mining, oil and gas
- Manufacturing
- Services

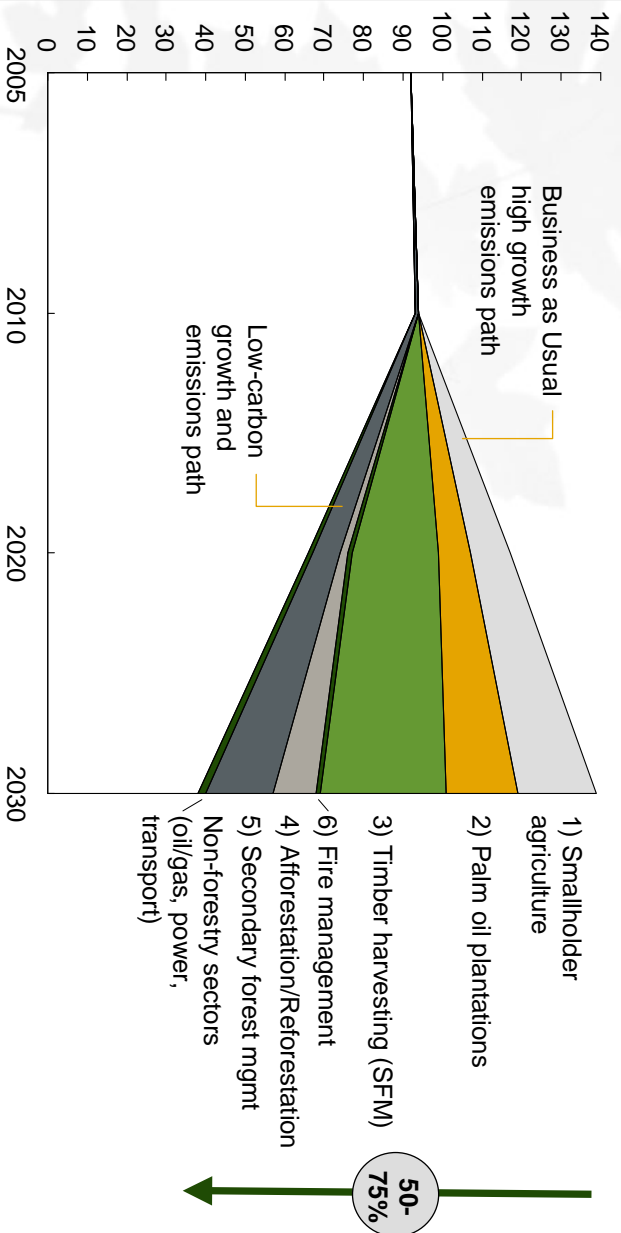


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# Overall, emissions can be reduced by 50-75% by 2030 on the way to carbon neutrality by 2050

Emissions from all sectors under maximum abatement scenario

Mt of CO<sub>2</sub>e/ year; 2005-2030



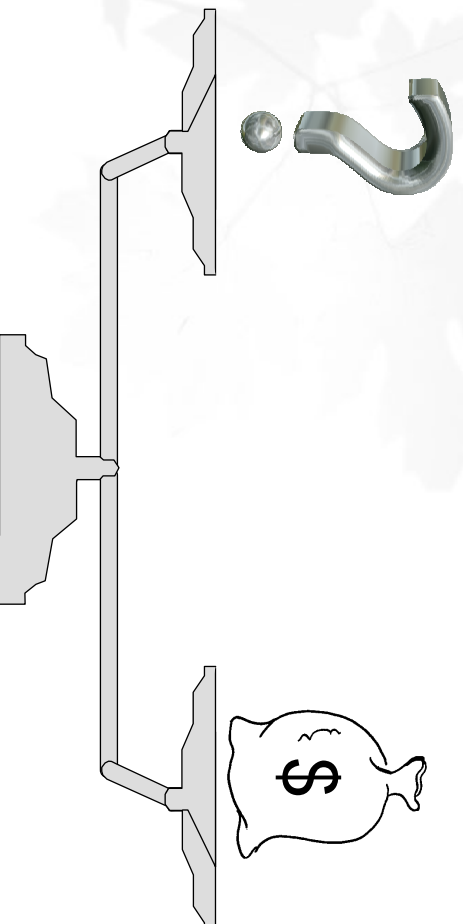
SOURCE: REDD+ working group and McKinsey analysis

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## 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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4. Conclusions and next steps

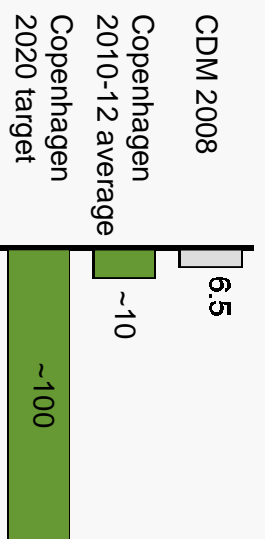
## The Copenhagen Accord includes substantial financial commitments

### 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

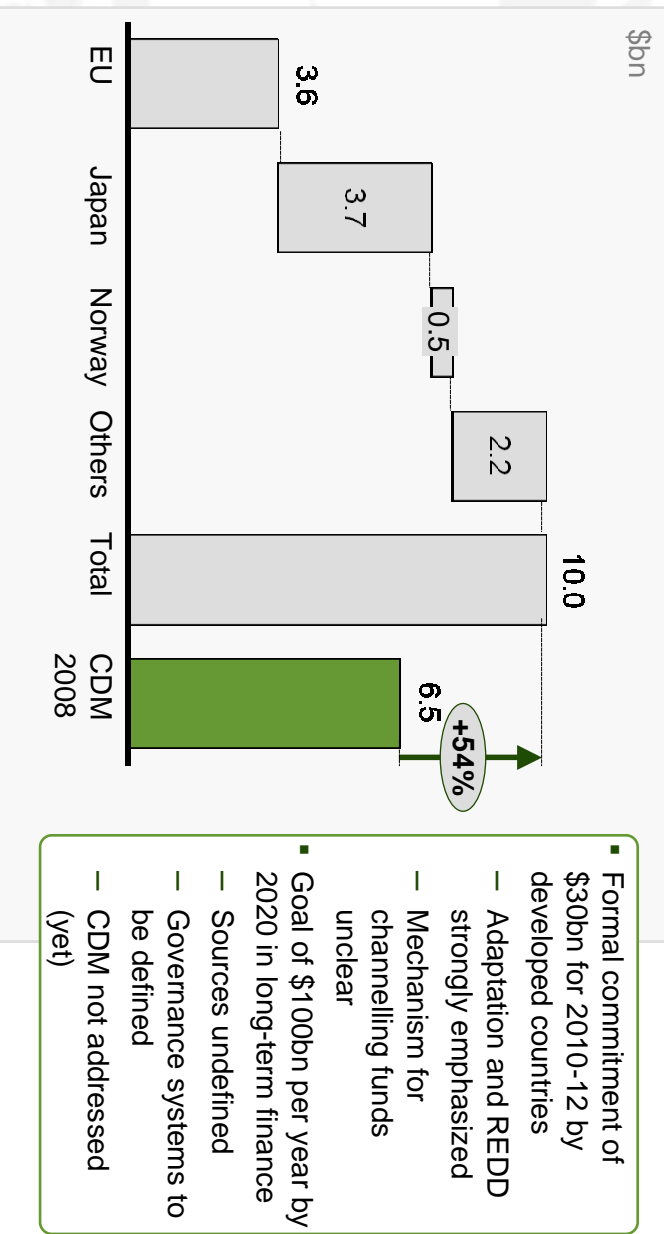


#### Next steps

- 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

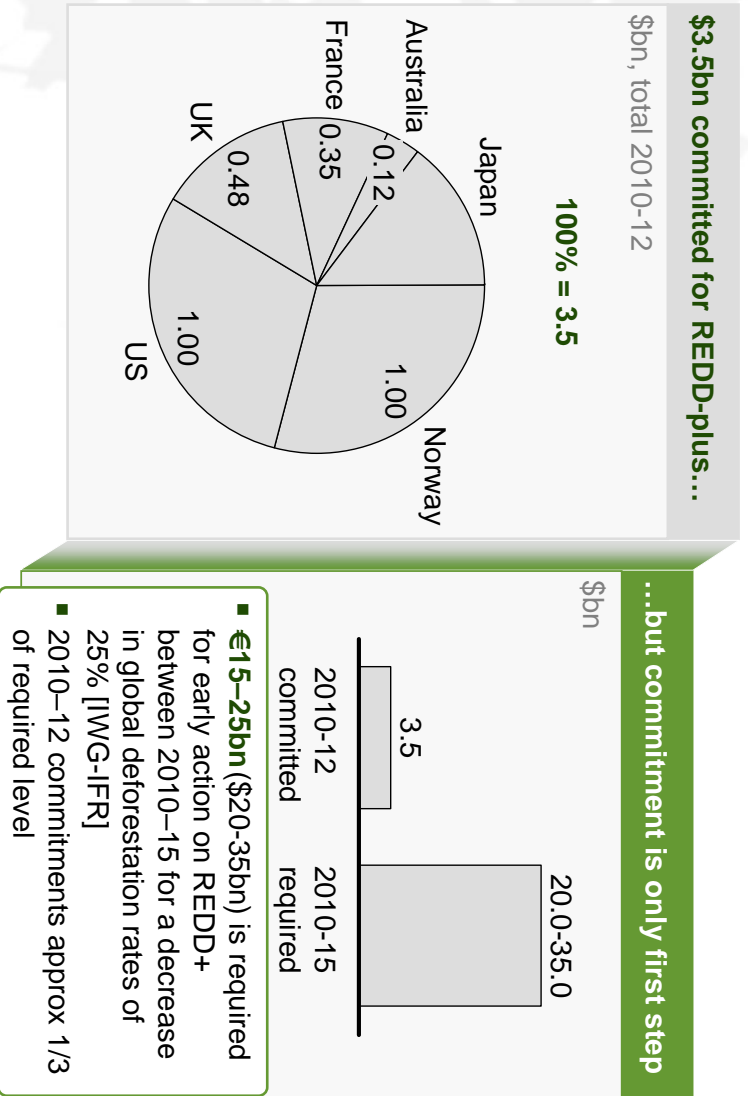


SOURCE: Copenhagen Accord, National announcements, WB.

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

AS OF JAN 12



SOURCE: IWG-IFR, press search, McKinsey

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## 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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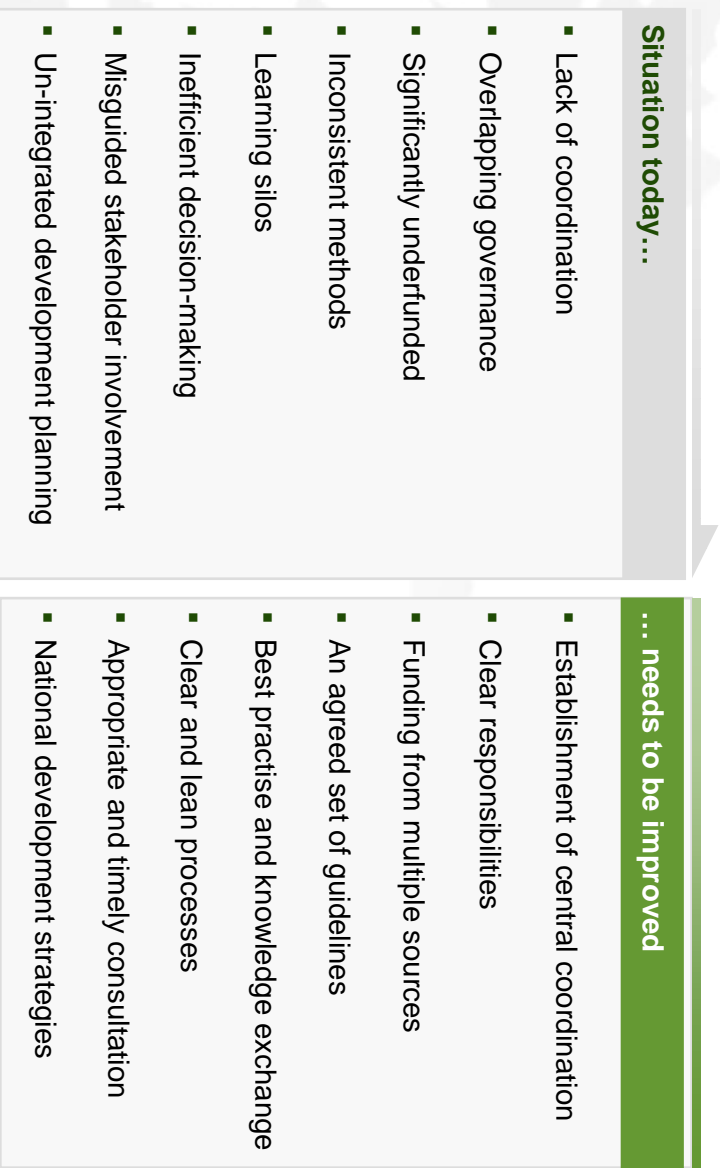
# Overview of the current landscape of major REDD+ initiatives



SOURCE: FCPF; UN-REDD Programme; CBFF; FIP

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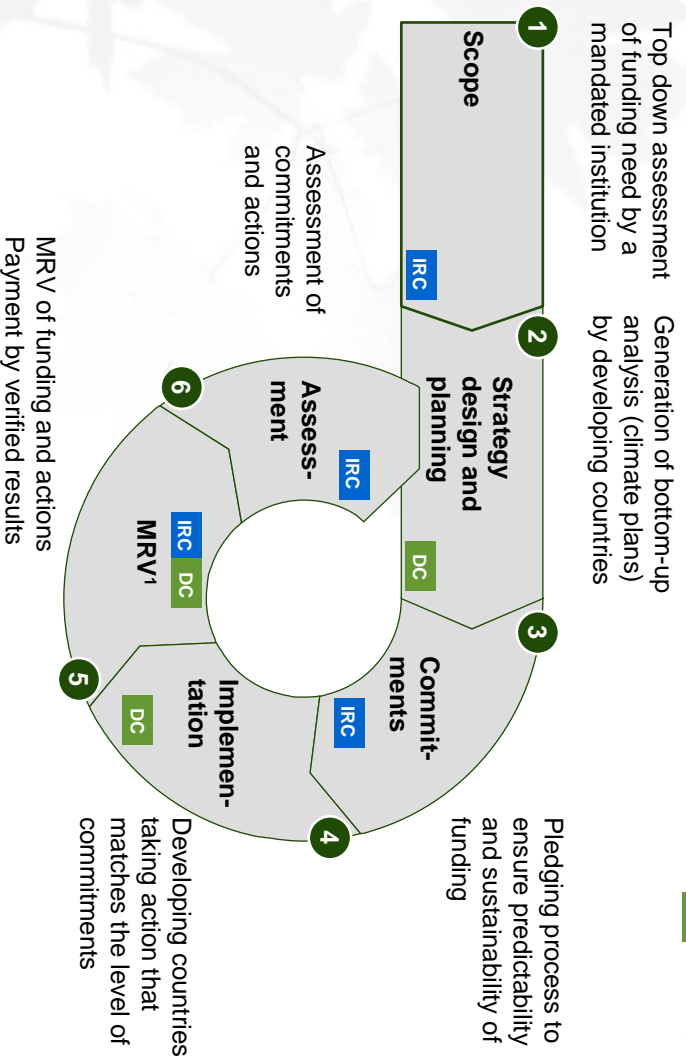
# There is pressing need to restructure existing REDD+ efforts



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

Responsible:

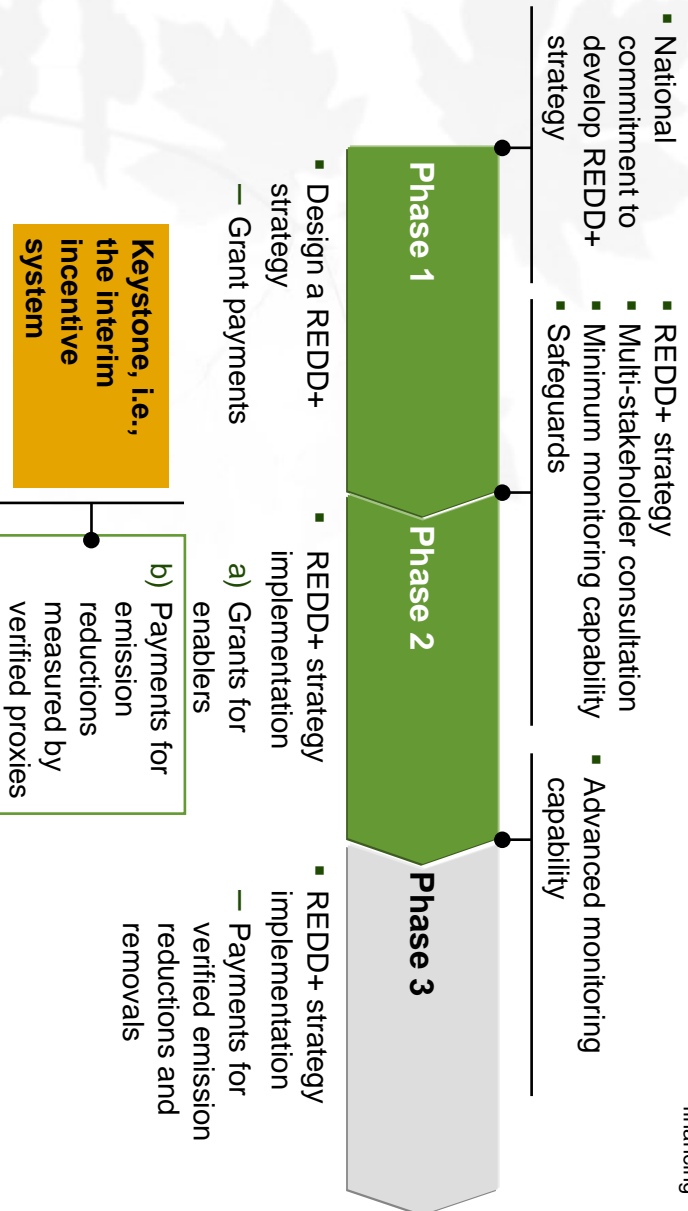
**IRC** Interim REDD+ Com.  
**DC** Developing Countries



<sup>1</sup> DC responsible for Measurement and Reporting, with HLB overseeing Verification

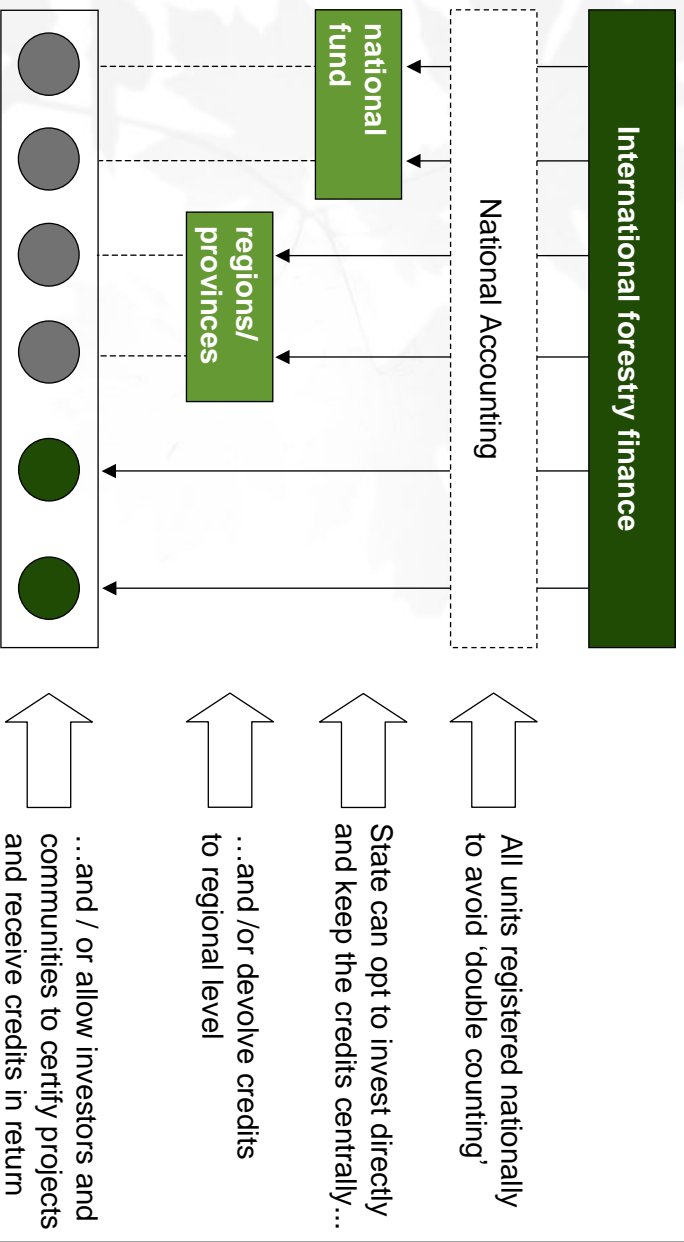
# A phased approach provides flexibility and immediate action

Potential scope for interim financing





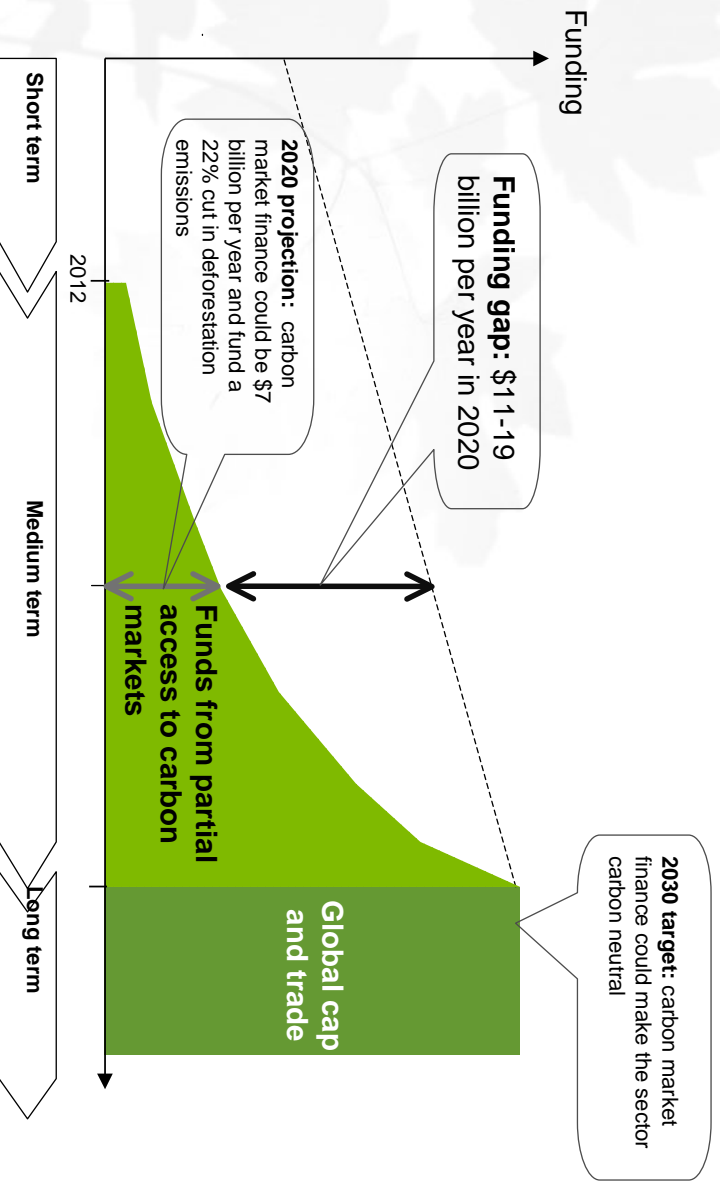
## National options for distribution of finance based on policies or drivers



Source: The Eliasch Review

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



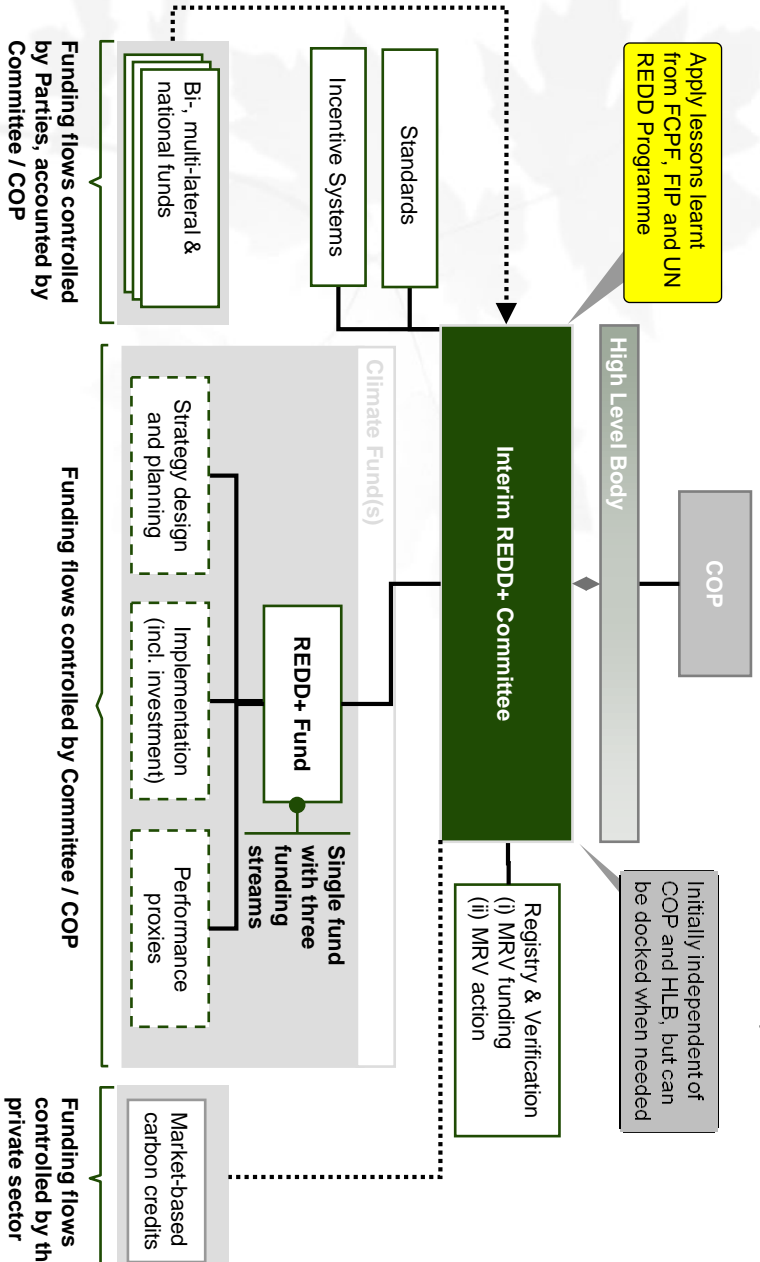
Source: Modelling for the Eliasch Review

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## National level institutions built around a set of principles

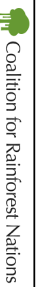
Principle	Description
<b>Development of national governance functions</b>	<ul style="list-style-type: none"> <li>Developing countries should establish a governance structure that matches the global finance mechanism, supports strengthening of national institutions, and ensures development of technical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

## 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