

Overview of the technical paper

Financing options for the full implementation of results-based actions relating to the activities referred to in decision 1/CP.16, para 70, including related modalities and procedures

Workshop on financing options for the full implementation of results-based actions relating to REDD-plus, including modalities and procedures for financing these results-based actions

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Mandate

Decision 2/CP.17

- **Paragraph 69, invited Parties and admitted observer organizations to submit to the secretariat their views on modalities and procedures for financing results-based actions and considering activities related to decision 1/CP.16, paragraphs 68–70 and 72. It also requested the secretariat to prepare a technical paper based on these submissions.**
- **Paragraph 72, requested the secretariat to organize a workshop, taking into account the submissions and the technical paper and the conclusions on this matter by the AWG-LCA at its fifteenth session, before the session of the AWG-LCA to be held in conjunction with the eighteenth session of the COP.**



Submissions received

The secretariat has received a total of 32 submissions

- **Parties – 22 submissions.**
- **Intergovernmental organizations – 1 submission.**
- **Non-governmental organizations – 9 submissions.**



Options for results-based financing (1)

Market options

Issues raised by Parties:

- **Insufficiency of public funds.**
- **Role in mobilizing resources: vary from a major to supplementary.**
- **Need for a broad recognition of REDD-plus credits.**
- **REDD market separate from CDM.**

Non-market options

Issues raised by Parties:

- **Private financing should be supplemental to public funding.**
- **Public funding:**
 - ✓ **New and additional.**
 - ✓ **Predictable/ Stable/ Reliable/ Sustainable.**
 - ✓ **Significant/ Substantial/ Sufficient/ Adequate.**
 - ✓ **Scaled up.**
 - ✓ **Equitable/ Transparent.**
 - ✓ **Green Climate Fund.**



Options for results-based financing (2)

Combination of market and non-market options

Issues raised by Parties:

- **Flexible combination of public and private variety of sources, including market and non-market sources.**
- **Developing countries to be able, depending on the national circumstances, to make a choice among:**
 - ✓ **Market-based options;**
 - ✓ **Non market-based options, or**
 - ✓ **Any combination thereof.**

Innovative financing options

Issues raised by Parties:

- **Potential of innovative options of finance should be further explored.**
 - **Innovative options include: taxes, redirected subsidies, long- and medium-term capital, advanced market commitment, microfinance, forest and REDD-plus bonds, securitization, valuation of conservation and ecosystem services, payment for ecosystem services (PES) and insurance.**
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Key elements relating to modalities and procedures for financing (1)

Principles

- **Openness, transparency, inclusiveness, equity, accountability, effectiveness and efficiency, predictability and CBDR.**
- **M&P should be appropriate and participatory, while respecting the domestic laws, regulations and the relevant institutional arrangements in developing countries.**
- **Developing country Parties emphasize on the voluntary nature of REDD-plus.**

Policy elements

- **Importance and need for scaling up new, additional and predictable financing for REDD-plus activities.**
 - ✓ **Need for significant financial resources.**
 - ✓ **Continued, predictable and scaled-up funding for 2013–2015 must be ensured**
 - ✓ **Global signal that there will be substantial and predictable demand for REDD-plus results**
- **Role of the participation requirements and the scope of coverage of REDD-plus for which financing should be provided.**
- **Importance of addressing the drivers of deforestation.**
- **Recognition of the non-carbon benefits and co-benefits.**

Key elements relating to modalities and procedures for financing (2)

Governance elements/institutional arrangements

Types of bodies to guide and coordinate the allocation of financing for REDD-plus actions and activities:

- **REDD-plus Board/ regulatory body.**
- **REDD-plus technical panel.**
- **Registry/ Registries.**

Principles of good governance:

- **Transparency, accountability, equity, participation, effectiveness and efficiency.**

Benefit sharing arrangements:

- **Role of the implementing country.**



Key elements relating to modalities and procedures for financing (3)

Methodological elements (1)

- **Important role of national forest monitoring and MRV.**
- **Forest monitoring systems and the reporting of results-based actions should be consistent with the MRV guidance agreed for NAMAs.**
- **Conservative estimates of emission reductions from REDD-plus activities may be used in the interim period.**
- **Verification**
 - ✓ **Consistent with NAMAs, independent, standardized.**
- **FRELS and/or FRLs**
 - ✓ **Development adjustment, periodic review/ assessment.**
- **Finance should be provided for REDD-plus actions for which:**
 - ✓ **ERs are fully MRVed and FRELS and/or FRLs are in place;**
 - ✓ **Safeguards are addressed and respected.**



Key elements relating to modalities and procedures for financing (4)

Methodological elements (2)

Addressing risks of reversals and displacement of emissions

- **Risks of reversals:**
 - ✓ **Emissions resulting from natural disasters excluded from consideration in any REDD mechanism;**
 - ✓ **REDD-plus units reserves/ buffers;**
 - ✓ **Insurance system/ any approach applied in A/R CDM.**
- **Displacement of emissions**
 - ✓ **Party implementing REDD-plus actions at the subnational level as an interim measure shall monitor the emissions and report how the emissions are addressed.**



Key elements relating to modalities and procedures for financing (5)

Conditions for results-based payments

- **Emission reductions should be verified and all the safeguards should be addressed and respected.**
- **Further details on financial arrangements for the payments, including types of accounts to be used and pricing.**
- **Need for the early action to be eligible for results-based payments.**



Linkages with other issues under consideration and further work

- **Linkages between consideration of financing for full implementation of REDD-plus actions, and other finance and mitigation related issues being discussed in parallel under the AWG-LCA.**
- **Additional areas of work that may require further exploration and clarification to facilitate the development of modalities and procedures, including:**
 - ✓ **Assessing possible scales of implementation in the context of requirements, costs, benefits and potential funding under different forms of financing;**
 - ✓ **Reporting on safeguards under different forms of financing;**
 - ✓ **Institutional and fiduciary arrangements to receive and manage payments;**
 - ✓ **Considering the linkages with payment for PES schemes;**
 - ✓ **Elaborating on essential elements of MRV, including possible standardization;**
 - ✓ **Considering ways of addressing risks (reversal, leakage, underperformance or uncertainty);**
 - ✓ **Assessing FRLs/FRELs, including adjustments and implications of different periodicities for adjustment;**
 - ✓ **Developing quantifiable baselines distinct from the RLs to ensure EI and/or incentive levels to allow for consideration of nationally appropriate self-financing.**

THANK YOU!

