

# Finance for forests: What have we learned from REDD+?

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“How to spend it if we had it”  
Center for Global Development  
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A: pay-for-performance partnerships

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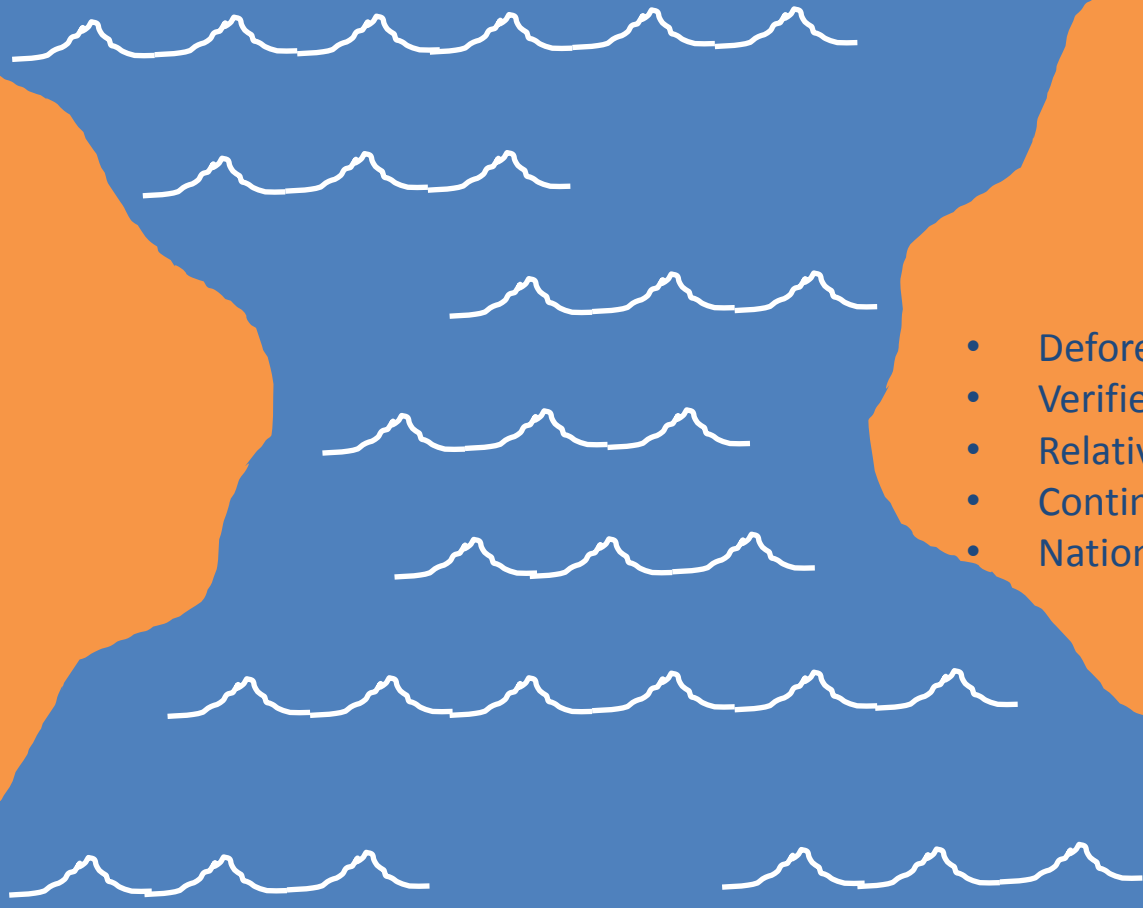
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- UNFCCC sets basic rules; countries decide how to achieve reductions
- Optimistic timeline: global agreement by 2015; implementation by 2020





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- Deforestation cut by 50%
- Verified emission reductions
- Relative to a reference level
- Contingent upon safeguards
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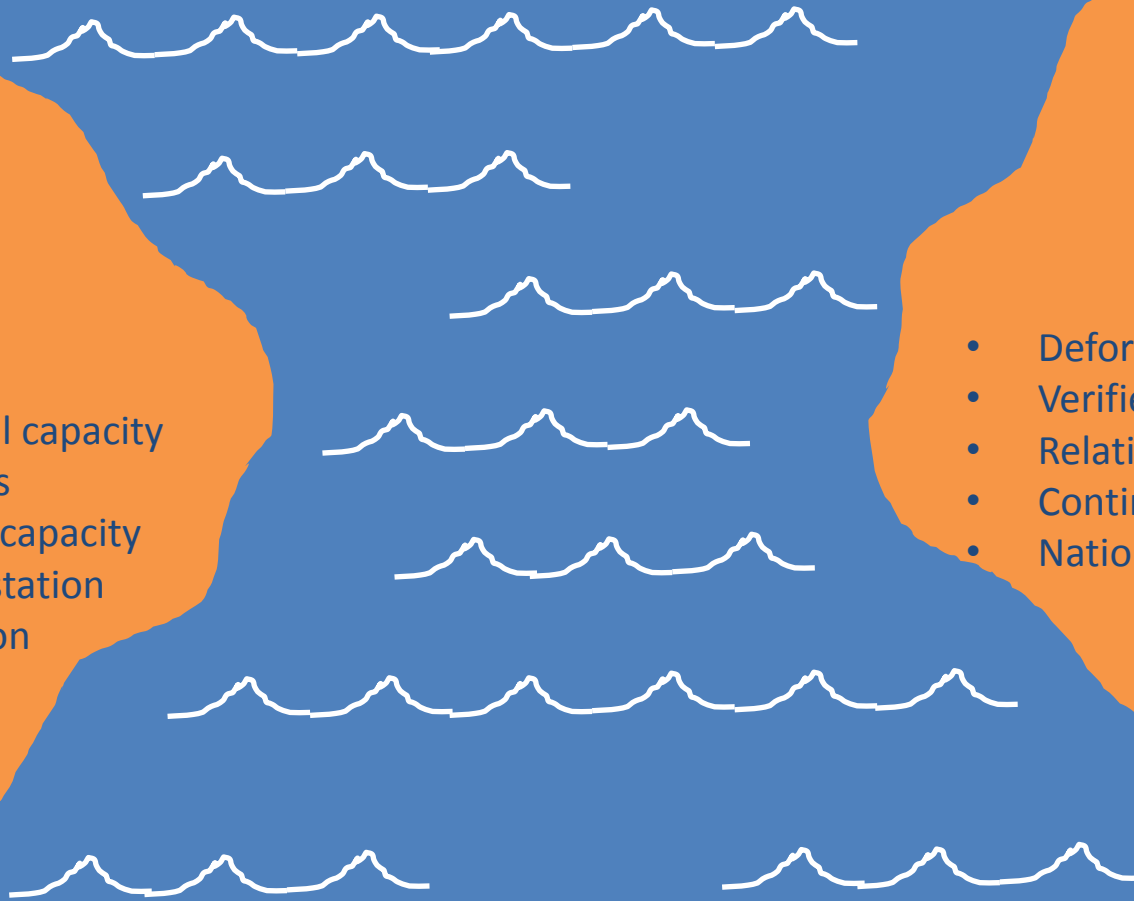
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- monitoring systems
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- sub-national or national
- payment for policy inputs, or for proxied outcomes

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## Phase III: "sale of verified emission reductions"

- MRV-ed ERs
- national
- relative to reference level
- safeguards met

# Question facing developed countries in 2013: “How to spend it (if we had it)”

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- Ambitious global climate agreement
- \$15-35B/yr for REDD+
- Able to purchase ERs from REDD+ that can be applied toward national commitments

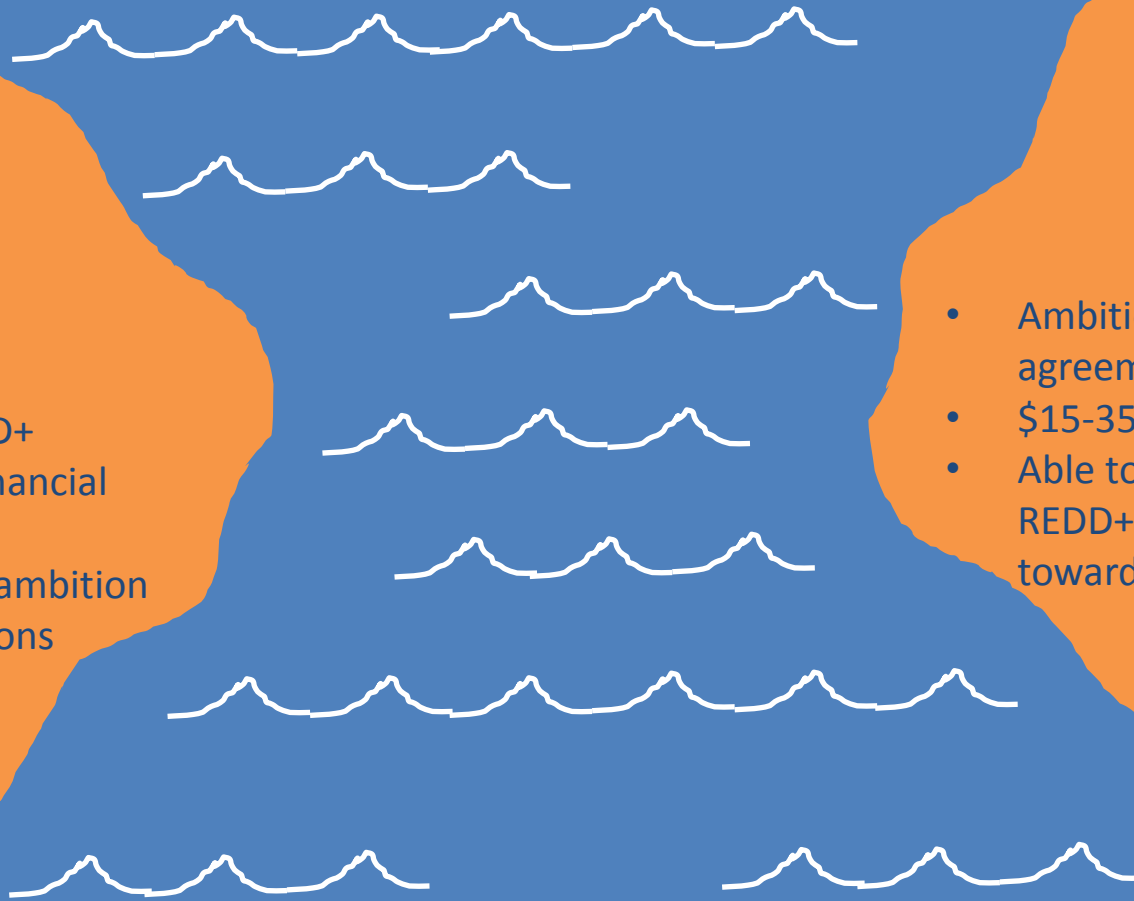
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- Limited public financial resources
- Limited political ambition to reduce emissions
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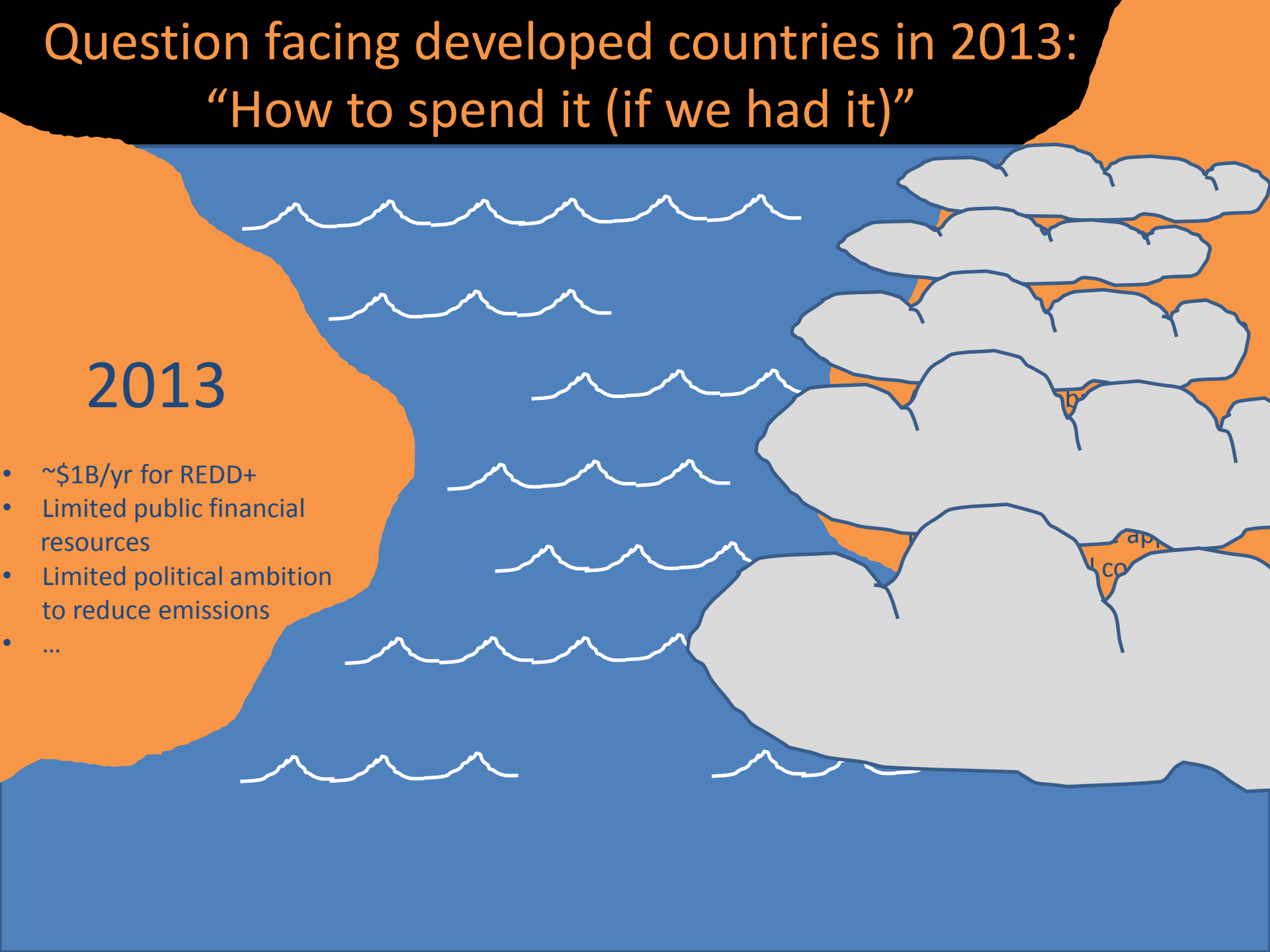




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# Solution: A phased approach to REDD+ finance



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FCPE Readiness Fund (\$260M)  
UN-REDD (\$170M)  
2013

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## Phase I: "donor"

- traditional ODA
- multilateral or bilateral

## Phase II: "donor as buyer"

- Innovative pay-for-performance partnerships
- Any ERs generated are retired



### Guyana-Norway Bilateral

- Signed 2009
- Up to \$250 M committed
- Deforestation has remained very low
- \$45M released in 2011



### Amazon Fund

- Signed 2008
- Up to \$1B committed
- Deforestation has fallen by 80%
- \$170M released in 2011



### Germany REDD Early Movers

- Created 2012
- 66 M € committed
- Scoping partnerships with Ecuador, Colombia, Vietnam...
- Joint with Norway



### FCPF Carbon Fund

- 8 donor countries, 2 private companies, 1 NGO
- \$390 M committed
- Programs in ~5 REDD+ countries
- Tranche B ERs (85%) to be retired; Tranche A ERs (15%) could be offsets



### Japan Joint Crediting Mechanism

- CDM-like
- Broad scope includes REDD+
- Scoping with Laos, Indonesia...
- First REDD+ ERs would be retired; later could be offsets



### Indonesia-Norway Bilateral

- Signed 2010
- \$1B committed
- Not only moratorium and REDD+ agency
- Central Kalimantan chosen as pilot province



### California Cap-and-Trade

- Offsets scope includes REDD
- Linking agreements with Acre (Braz.) and Chiapas (Mex.)
- Supply by 2014; Demand by 2017?

## In conclusion

- Lesson from REDD+: A three-phased approach to both emission reductions and finance
- What is needed now: pay-for-performance partnerships
- Countries can buy into existing partnership models or create their own

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- Lesson from REDD+: A three-pillared approach to both emission reductions and finance
- What is needed now: performance partnerships
- Countries can learn from partnership models or create their own

Thank you!

Feedback welcome:  
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