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

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“How to spend it if we had it”
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Q: How to spend it (if we had it)?
A: pay-for-performance partnerships
The premise of REDD+

Emission reductions (tCO₂e/yr)
- Developing countries reduce 10-15% of global GHG emissions from deforestation, etc
- Co-benefits for environment, development
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- ~$15-35 B/yr to half deforestation globally
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- UNFCCC sets basic rules; countries decide how to achieve reductions
- Optimistic timeline: global agreement by 2015; implementation by 2020
Question facing forest countries in 2009: “How to generate it (if we could)”

- Deforestation cut by 50%
- Verified emission reductions
- Relative to a reference level
- Contingent upon safeguards
- National-scale
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- Little co-ordination across ministries
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Phase I: “readiness”
- reference levels
- monitoring systems
- safeguard info. systems
- national strategies
- enabling conditions

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Phase III: “sale of verified emission reductions”
- MRV-ed ERs
- national
- relative to reference level
- safeguards met

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

- Ambitious global climate agreement
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- Able to purchase ERs from REDD+ that can be applied toward national commitments

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- ~$1B/yr for REDD+
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- **Where we want to be by 2020**
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- traditional ODA
- multilateral or bilateral

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FCPF Readiness Fund ($260M)
UN-REDD ($170M)

Phase II: “donor as buyer”
- Innovative pay-for-performance partnerships
- Any ERs generated are retired

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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

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

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

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

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• Countries can buy into existing partnership models or create their own
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Feedback welcome: jbusch@cgdev.org