



# Investing in REDD-plus

*Executive summary of The Forests Dialogue consensus—September 2009*

Between April and September 2009 The Forests Dialogue\* held four international dialogues that engaged nearly 100 leaders from forest stakeholder groups across the business, environmental, scientific, Indigenous Peoples' and forest-based communities.

These dialogues produced a consensus on financing for REDD-plus, including 26 recommendations which, if taken up, will ensure the integrity of REDD-plus as a mechanism for combating climate change through reducing emissions from deforestation and forest degradation and the conservation and sustainable management of forests. The 26 recommendations are presented in full in a separate document. The key points of the consensus are summarized here.

## UNDERPINNING PRINCIPLES

- ➔ REDD-plus finance mechanisms should be sufficiently robust to deal with in-country and international leakage, use credible baselines, must achieve verifiable additionality, and result in value for money.
- ➔ REDD-plus should lead to real reductions in CO<sub>2</sub>, enhance forest ecosystem functions and the supply of critical ecosystem services, protect and respect the rights of Indigenous Peoples and local communities, and ensure equitable benefit sharing.
- ➔ In addition to reducing emissions from deforestation and forest degradation REDD-plus finance mechanisms should also create incentives for additional actions in forest conservation, sustainable forest management, and the enhancement of carbon stocks.
- ➔ REDD-plus processes should allow the broad participation of all stakeholders, on equitable terms, at the national and international levels.

## PHASED APPROACH

- ➔ A phased approach will allow REDD-plus to address the drivers of deforestation according to country-specific circumstances.
- ➔ In phase one, REDD-plus strategies will be developed at the national level.
- ➔ In phase two, enabling policies and measures will be put in place to allow the implementation of REDD-plus and encourage scaled-up investments.
- ➔ In phase three, market and fund-based mechanisms will deliver performance-based payments for emission reductions and carbon stock enhancements that are subject to third-party verification.

## FINANCIAL ARCHITECTURE

- ➔ The finance portfolio for REDD-plus should make optimal and coordinated use of both markets and funds, as well as other sources of finance.

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- ➔ A broad coalition of public-sector and private-sector institutions will need to provide the necessary up-front investments for phases one and two.
- ➔ To achieve reliable, long-term financial flows, robust commitments from both developed and developing countries are needed. Developed countries must support long-term financing arrangements that depart from business-as-usual models for north-south financial transfers. Developing countries must commit to a range of policy and institutional changes that will transform land-use dynamics, forest governance, and the flow of resources to Indigenous Peoples and local communities.
- ➔ REDD-plus funding must be additional to regular official development assistance funding.

#### MONITORING, REPORTING AND VERIFICATION, AND FINANCIAL ASSURANCE

- ➔ REDD-plus finance should be predicated on performance-based delivery, including proxy-based performance in phase two, with appropriate safeguards in all phases.
- ➔ In all phases, the performance of REDD-plus activities should incorporate social, environmental and financial indicators in addition to the assessment of changes in carbon stocks.
- ➔ The concept of free prior and informed consent is a right for Indigenous Peoples. It is also a consultative process and a requirement that applies to other stakeholders, such as local communities and forest owners.

#### INSTITUTIONAL ARRANGEMENTS

- ➔ A REDD-plus oversight body with technical, financial and administrative responsibilities should be set up under the Conference of the Parties to the UNFCCC, with representation based on United Nations' regions using the Nine Major Groups' structure under the ECOSOC framework.
- ➔ REDD-plus mechanisms should build on the experiences gained in the existing voluntary carbon market, particularly in regard to carbon market accounting and credible standards and certification.
- ➔ At the national level, REDD-plus provisions should make use of existing government regulations and structures and capitalize on existing monitoring and independent third-party verification mechanisms, such as forest certification systems.
- ➔ Tax code and financial accounting standards for carbon transactions and investments must be established and be compliant with existing practices and institutions. Where existing practices and institutions are inadequate, new mechanisms must be created.
- ➔ REDD-plus governance structures at both the national and international levels should include independent complaint and grievance mechanisms.
- ➔ In developing and promoting REDD-plus, efforts should be made to use existing forest-based instruments and to strengthen coordination and collaboration between them.

\* The Forests Dialogue is an international multi-stakeholder dialogue process and platform for leaders to collaboratively pursue solutions to challenges related to sustainable forest management and conservation.