

**TFD STEERING COMMITTEE 2009**

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**3. Priority for biodiversity under threat.** Early investment must give priority to the conservation of areas under the greatest threat that have the highest levels of biodiversity.

#### **B: REDD-PLUS PHASES**

##### **4. Phased a**

**6. Matrix mapping key outcomes, safeguards, finance mechanisms and triggers.** The following matrix highlights the key features of the three phases of the phased approach to REDD-plus:

#### C: FINANCIAL ARCHITECTURE

**7. Financial stability through public and private funding and country commitments.** Stable, reliable and long-term financial flows require strong coordination between public-sector and private-sector donors and investors and robust commitments from both developed and developing countries.

arrangements that depart from business-as-usual models for north-south financial transfers. Developing countries need to commit to policy and institutional changes that focus on the transformation of land-use dynamics, forest governance, and the flow of resources to Indigenous Peoples and local communities.

**8. A portfolio of finance mechanisms.** Given the scale of the challenge involved and as part of a well-designed phased approach, there is a need to move beyond the 'markets versus funds' discussion and to accommodate a portfolio that makes optimal and coordinated use of both markets and funds, as well as other sources of finance. A broad coalition of public-sector and private-sector institutions will need to provide the necessary up-front investments for phases one and two according to the capacity of each individual institution; investments will need to include both bilateral and multi-lateral loans and grants.

**9. Additionality of funds.** REDD-plus funding must be additional to regular official development assistance funding.

#### **D: MONITORING, REPORTING AND VERIFICATION, AND FINANCIAL ASSURANCE**

**10. Robust MRV.** In all phases of a phased approach, REDD-plus must assure environmental, social and financial performance through robust MRV at the local, national and global levels.

**11. Performance-based delivery and safeguards.** REDD-plus finance must be predicated on performance-based delivery, including proxy-based performance in phase two, with appropriate safeguards in all phases. Phase-three performance must be underpinned by independent third-party verification of CO<sub>2</sub> emission reductions according to local circumstances in individual countries. During phase two, proxies of overall deforestation must be linked to key measures such as the implementation of policies and the strengthening, in practice, of the rights of local communities.

**12. Social, environmental and financial assessment in addition to carbon monitoring.** In all phases, performance of REDD-plus activities should incorporate social, environmental and financial indicators in addition to the assessment of changes in carbon stocks. Socially, environmentally and financially sound processes, based on adaptive management and learning and with full and effective community participation, will produce secure and tradable carbon assets that are appropriate to the market-oriented system that characterizes phase three.

**13. Social, environmental and financial audits could be either part of or separate from MRV.** Social, environmental and financial audits, whether incorporated into MRV or set up as separate instruments, must:

- A. Be equal in status to other aspects of REDD-plus monitoring
- B. Simultaneously maintain independence and the possibility of ceding social and environmental audits to a third party
- C. Be part of improved coordination between relevant government departments
- D. Be subject to only limited government control
- E. Prevent higher transaction costs due to complex intra-agency coordination
- F. Build on existing methodologies
- G. Encourage engagement with the private sector.

**14. Verification of performance on issues of livelihoods, rights, benefit sharing and consultation.** Social auditing must include:

- A. Provisions for men, women and youth in local communities and Indigenous Peoples to engage in REDD-plus design and participate in REDD-plus activities

- B. Clarity on benefit-sharing arrangements with a view to promoting equity between stakeholders within communities; this does not mean prescribing the benefits but, rather, assuring an adequate distributional mechanism
- C. The monitoring of negative impacts with respect to forest-dependent livelihoods
- D. Respect for free prior and informed consent by Indigenous Peoples and local communities
- E. Independent third-party verification.

**15. Biodiversity and ecosystem services.** Environmental auditing must include:

- A. the delivery of ecosystem and biodiversity co-benefits
- B. Priority for high-biodiversity areas, including early action on forest landscape restoration
- C. Independent third-party verification.

**16. Free prior and informed consent as a rights issue and as a procedure.** The concept of free prior and informed consent

is a right for Indigenous Peoples and local communities to give or withhold their consent to proposed projects affecting their lands, territories and resources, including those relating to forest, land and the exercise or enjoyment of their rights to these resources, after they have been adequately informed regarding the nature, extent, location and potential impacts, benefits and risks of the proposed project, and after they have had the opportunity to consult and cooperate in good faith with the project sponsor and/or relevant competent authorities, through their own institutions or their duly authorized representatives, to agree or disagree with the proposed project, and to negotiate a mutually agreeable arrangement, if any, as a condition to their consent, as well as to withdraw their consent at any time.

