



WORKSHOP AGENDA
The Various Levels of REDD:
Making the Markets Work for Forest Nations and Local Stakeholders

Venue: McKinsey and Company
55 East 52nd Street, 21st Floor
New York, NY

September 23, 2008
8:30 a.m.-3:30 p.m.

8.30 am	Welcome and Overview of the Day
9:00 am	Morning Break- Out Session: Problem Definition
10:30 am	Plenary Discussion
12:00 pm	Lunch
1:00 pm	Afternoon Break-Out Session:Solutions and Recommendations
2:00 pm	Plenary Discussion
3:00 pm	Synthesis and Next Steps
3:30 pm	Meeting adjourned

Breakout session descriptions

Breakout 1: Financial flows

Core problem statement. It is widely recognized that significant financial flows will be required to provide incentives to avoid deforestation at the necessary scale. However, it is not clear how those financing flows will be structured to meet the needs of different parties. This breakout group will examine the trade-offs between different market- and non-market approaches to financing avoided deforestation for national and sub-national approaches, and will focus on the following questions:

- What will be required for market based approaches to provide sufficient and stable up-front and ongoing funding for governments' engaged in national REDD plans? How is this affected by ex-post vs. ex-ante crediting?
- How could the private sector engage governments initiating national REDD programs? Would it include debt finance for particular programs or policies, sale and purchase of credits on delivery, other? How do issues such as delivery guarantees, credit pricing, liability, defaults and remedies under these contracts affect private

sector and governments' engagement?

- Are some activities best funded by the market (e.g. discrete projects), and others best funded through funds, grants, and bilateral sovereign agreements, or other non-market instruments (e.g. capacity building, developing and enforcing policies and measures?)

AM breakout: Structure the problem - what are the principal alternatives for funds transfer and what are the tradeoffs?

PM breakout: Identify potential solutions in the form of 3-5 core recommendations for discussion with the plenary group

Breakout 2: National and sub-national crediting, and implementation

Core problem statement: It is broadly agreed that national monitoring and accounting for REDD is a desired end goal, but that for many countries sub-national accounting approaches may be more feasible in the near term. REDD crediting and implementation on the other hand can occur at the national level (e.g. through sectoral programs) and/or at the sub-national/project levels where project developers are directly rewarded for their activities on the ground. The interaction between accounting, crediting and implementation for national and sub-national levels is not well understood and is still to be defined. This breakout group will focus on the following questions:

- What would national level crediting look like (i.e. awarding credits to national governments), and how would this relate to national and sub-national implementation?
- What would sub-national crediting look like (i.e. awarding credits to project implementers rather than to the central government), and how would this relate to national versus sub-national implementation programs?
- What are the key market related risks/issues/concerns regarding national and sub-national crediting and implementation and what are potential solutions to these challenges?

AM breakout: Structure the problem - what are the key issues and the pro's and con's of the different options?

PM breakout: Outline the key elements of an ideal approach in the form of 3-5 core recommendations for discussion with the plenary group.

Breakout 3: Local involvement and benefit sharing

Core problem statement:

Deforestation occurs because local actors and decision-makers face incentives to cut trees rather than to leave them standing. New policies and practices will be required to spur conservation at the local level, while not undermining the livelihoods of poor/marginalized communities dependent on forest resources for their survival.

Appropriate incentives, safeguards, legal structures and institutions must be put in place to stimulate the right on-the-ground actions while ensuring equitable benefit sharing necessary for the long-term sustainability of the REDD activities. This breakout group will address three questions:

- What types of incentives are likely to maximize local participation and how should they be structured?
- What types of institutions, policies and laws are required to enable communities to take advantage of REDD incentives and to ensure equitable sharing of benefits?
- What safeguards can/must be put in place to ensure that local communities are not unfairly shut out of forests needed to sustain their livelihoods?

AM breakout: Structure the problem - what are the issues, threats and inhibitors?

PM breakout: Identify potential solutions to catalyze equitable and effective local participation, in the form of 3-5 core recommendations for discussion with the plenary group