

FCPF - Participants Assembly 4, 17 October 2011, Berlin:

Opening remarks on behalf of Private Sector Observer - Andrew Hedges for CMIA

Thank you Chair. Many of you know CMIA from our engagement with FCPF in recent years. For those that do not - we are a business association that represents investors and advisers to projects taking forward climate change mitigation. We limit our membership so as to ensure we can give voice to a class of ethical investors focused on utilising the skills and capacities of the private sector to create long term solutions to climate change. We have placed a one page summary of key principles of CMIA regarding REDD+ on the outside table.

I wanted to first draw out two themes from a workshop with REDD negotiators, NGOs and the business sector that occurred in Panama a few weeks ago. Themes which are relevant to the discussions here. We were an implementing partner for the workshop, which was supported by the Philippines and Swiss governments. The focus was on governance of REDD finance, including the challenges and opportunities associated with private sector finance for REDD implementation.

The first theme was the importance of better defining the criteria for REDD finance to start to flow to a country and necessary indicators to be satisfied for it to continue to do so. The role of the FCPF in developing the tools to allow initial finance decisions to occur was positively noted: particularly the development of tools such as SESA and the potential of the Common Approach. But, as we now turn to Readiness Package discussions in this forum there is a very strong theme from the workshop we all need to keep in mind. The implementation of a REDD strategy will hopefully lead to transformative multi-sectoral change that will deliver REDD objectives. But a number of countries made strong interventions that the international community cannot demand perfection before REDD finance can flow or continue to once begun. The development of governance standards around REDD finance should not create barriers that will prevent the beginning of such transformative change. We will return to this I am sure when discussing the feedback from the Readiness Package working group.

The second theme was a broad recognition by countries that participated in the workshop there does need to be a means to utilise private sector finance - both by adjusting existing unsustainable investment patterns and also to bring in entirely new sources of ethical capital. This links into some comments that we have made before in this forum. We need to make sure the work put into the R-PPs is translated into successful implementation. That will take money and skills. Yes, there is some funding available in the carbon fund. There is also a number of leading donors in the room. But we think there is broad recognition that those public sources of finance will not be enough. So, the question for each of you is; do your R-PPs map out a path to also draw in the money and skills of the private sector to deliver results? And, importantly, how can this be done in a manner that maintains good governance - to put it another way, ensures that the role of the private sector is transparent and accountable.

If I can my own question...many of your R-PPs are already answering that question. There are a significant number of R-PPs that detail plans to leverage the role of the private sector for

demonstration activities and programmes. Importantly, they map out plans to establish the legal frameworks by which to review, approve and track role of private sector in implementation activities. We think that delivering on these plans is critical to the future success of REDD+. By trialling the frameworks to manage the private sector role in national REDD strategies, FCPF participant countries can generate lessons and best practice that can then be used more widely in a fully operational REDD mechanism.

Finally, we would make a plea to each of the countries that have included a potential role for the private sector in their RPPs to ensure this is highlighted in the LCA discussions in Durban regarding REDD finance. We are constantly surprised at the difference between the actual concrete plans of countries with RPPs to leverage the private sector and the silence of these same countries at the UNFCCC level. If you consider it a legitimate choice for a country to make then this needs to be reflected in text agreed at Durban.

Thank you.

Further queries may be addressed to the CMIA representatives in Berlin for these meetings:

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