

**Terms of Reference  
for Informal Working Group  
on Interim Finance for REDD**

**Version 4 (final), August 6, 2009**

This 'Terms of Reference' sets out the framework for the efforts of the Informal Working Group on Interim Finance for REDD (IWG-IFR).

***Background***

At the climate talks in Poznan in December 2008, countries<sup>1</sup> made a collective statement on the importance of achieving progress on Reducing Emissions from Deforestation and Degradation (REDD). The statement supported four principles for REDD<sup>2</sup>:

- Financial flows to support REDD efforts must be adequate, predictable, sustainable, and results based, with developed countries contributing significantly.
- National REDD strategies, ownership and commitment to REDD in developing countries are preconditions for success, and should constitute the cornerstone of our efforts.
- Transparent, collaborative, balanced and inclusive international arrangements for supporting REDD efforts should be developed.
- A reliable framework for measuring, reporting and verification is crucial to the integrity and credibility of REDD efforts in general and REDD in the outcome agreed in Copenhagen in particular.

On 1st April 2009 His Royal Highness the Prince of Wales through the Prince's Rainforests Project convened a meeting of world leaders in London on the challenges of tropical deforestation. These leaders recognized the importance of significant and rapidly increased early action on REDD and REDD financing. On this basis, they recommended that an informal working group of interested countries be established to explore how to fill this need, and to build the greatest possible consensus regarding its proposals. The working group should be complimentary to, inform, and be informed by – but should in no way pre-empt – the UNFCCC climate change negotiations.

***Objectives and Purpose***

1. The IWG IFR is an informal forum for technical level discussion with the objective of making recommendations regarding:

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<sup>1</sup> Supporting the statement in Poznan were Australia, Belgium, Brazil, Cameroon, Costa Rica, D.R.Congo, the EU Commission, France, Germany, Ghana, Guatemala, Guyana, Indonesia, Japan, Madagascar, Netherlands, Norway, Panama, Peru, PNG, Singapore, Suriname, Thailand, Uganda and United Kingdom. Italy and Ecuador have signed subsequently.

<sup>2</sup> REDD shall in this document be understood broadly to include all elements mentioned in the Bali Action Plan, section 1 (b) (iii), which calls for "Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries".

- 1.1. The evolution of financial needs over the short, medium and long term of rainforest nations seeking to embark on significantly scaled up national REDD strategy development and implementation;
  - 1.2. Interim financial mechanisms designed to cover those needs until financial flows can be generated through the UNFCCC, and the contribution that may be required from the public and private sector to implement such interim mechanisms, taking into account currently available financial flows;
  - 1.3. The potential architecture for delivering interim finance for REDD, including deliberations on the potential role of existing initiatives including the World Bank hosted Forest Carbon Partnership Facility and Forest Investment Program, the UN REDD Program and other multilateral, domestic and bilateral initiatives;
  - 1.4. The relationship between interim REDD funding and financing options under the UNFCCC. Adherence of the interim mechanisms to the principles of UNFCCC REDD efforts must be established. An option for adjusting IWG-IFR conclusions after Copenhagen for this end should be retained,
  - 1.5. Other relevant issues should be considered as they related to interim finance for REDD, potentially including but not necessarily limited to:
    - demonstrating environmental integrity and transparency of results;
    - eligibility and program design requirements;
    - inclusive and transparent multi-stakeholder REDD strategy and implementation processes within countries and respecting country ownership; and
    - strategies to increase the understanding of the importance of reducing rates of deforestation as part of a global long-term effort to effectively face climate change.
2. The IWG IFR will have the following key outputs:
- 2.1. If possible a supportive statement on the need for interim financing for REDD at the G 8 summit in Italy in July 2009.
  - 2.2. A draft report by medio July 2009.
  - 2.3. A final report including recommendations and a summary for consideration by Heads of Delegation at the UN General Assembly and the World Bank Annual Meeting.
3. The IFG-IFR could be dissolved by mid October 2009, but may reconvene after Copenhagen to propose adjustments as required.

***Administrative arrangements***

4. The Working Group should operate in an open, inclusive, and transparent manner. All interested countries should be able to participate. All interested countries should be able to participate. Relevant international and regional organizations should be invited, as appropriate, though they would not be signatories to public outputs.

5. To ensure timely progress, three administrative arrangements should be established:
  - 5.1. A small, representative core group of countries, with equal representation of donor and tropical forest countries to engage with participant countries, drive the process forward and chair group meetings.
  - 5.2. A Secretariat, hosted by Norway. The Secretariat will have responsibility for logistical arrangements, coordinating underpinning work, funding developing country travel and other administrative expenses, and circulating relevant documentation.
  - 5.3. A number of technical advisors with solid expertise in private and public finance, tropical forests as well as climate change will be contributing advice as requested to the IWG-IFR. The advisors will be nominated by countries, and the Secretariat will from these nominations propose to the IWG how a broadly representative and diverse set of experts could be requested to contribute.
6. The IWG IFR should aim to work mainly in a virtual manner. Communication should be largely via email exchange and participants will be invited to submit written comments on recommendations made by the Group. Meetings should be kept to a minimum. A work program is proposed under section 8 below.
7. The IWG IFR would decide by consensus on its recommendations. The core group of countries described under section 5.1 would be responsible for drafting statements and/or reports based on discussions in the group, and countries would be free to contribute and endorse.

#### ***Work Programme***

8. The IWG IFR should work quickly with a time table as follows:
  - 8.1. May: IWG plenary inception meeting in Oslo, Norway.
  - 8.2. Late June: IWG meeting to discuss first set of analyses in Paris, France.
  - 8.3. July: Potential statement of support for interim financing for REDD from G8 Summit in L'Aquila, Italy.
  - 8.4. Early September: IWG meeting to discuss draft conclusions, location TBD.
  - 8.5. September: Final report presented at the United Nations' General Assembly in New York City.
  - 8.6. October: Final report presented at the World Bank Annual Meeting in Istanbul, Turkey.