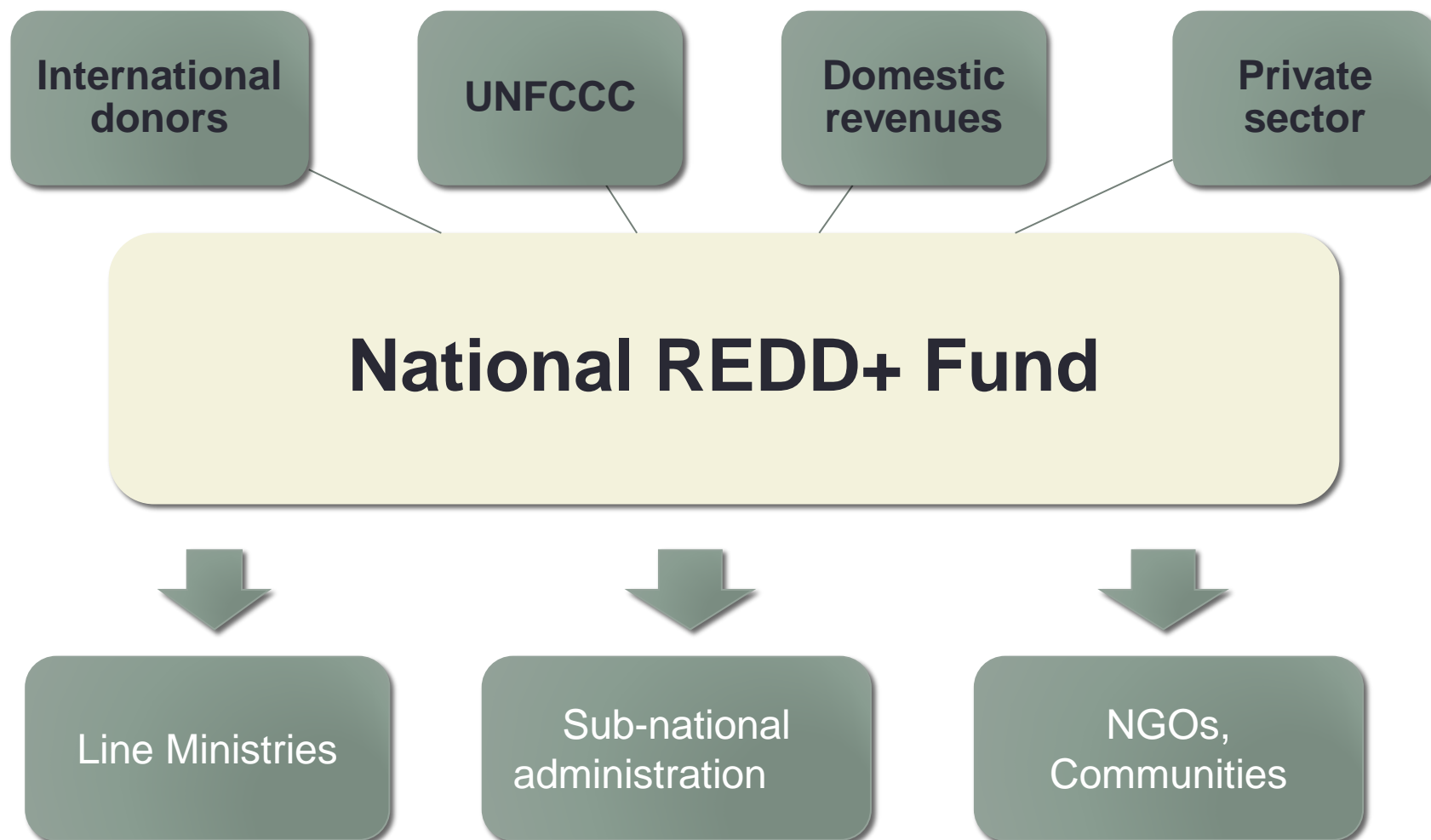


NATIONAL REDD+ FUND FOR CAMBODIA

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What is a National REDD+ Fund?



Today's Goal

- The 'first step' in a process to establish a national REDD+ funding mechanism
- To identify possible pathways based on the Cambodian legal system and context
- Once this pathway is chosen, next steps will include model and detailed design

Methodology

1. International context: UNFCCC



2. Domestic REDD+ and climate change policy and institutions



3. Cambodian laws: MAFF, MoE, MoEF



4. Existing operational Funds in Cambodia




5. International experiences



6. Options and Recommendations

Workshop Outline

1. International and Domestic Context



2. Avenues under Cambodian legal system




3. Lessons from International Experiences



4. Options, Recommendation and Next Steps

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International Context



United Nations
Framework Convention on
Climate Change

- **UNFCCC:**
 - Establish national entity for REDD+ funding
 - Establish national strategy, reference level, monitoring system
 - Environmental and Social Safeguards
 - Payments for verified results-based activities
 - Information hub for publishing results and payments
- **Green Climate Fund:**
 - Key role for climate financing, including REDD+
 - High fiduciary standards
 - Environmental and social safeguards

Domestic Institutions for REDD+

National Climate Change Committee

National REDD+ Taskforce

Forestry

Fisheries

Protected
Areas

Climate
Change

Economy and
Finance

Domestic Policy and Activities

REDD+ Roadmap

- Key phases and actions for REDD+ implementation
- Supports National REDD+ Fund
- Supports other innovative funding mechanisms


Sector Policies

- National Forest Programme 2010-2029
- Strategic Planning Framework for Fisheries 2010-2019
- Future National Protected Areas Strategic Management Plan
- Climate Change Strategic Plan 2013: National Climate Change Fund

Pilot Projects

- Seima and Oddar Meanchey
- Voluntary market
- Developing project-level funding mechanisms

1. International and Domestic Context



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4. Options, Recommendation and Next Steps

Funds and the Cambodian Legal System

- Cambodian legal hierarchy must be observed
- No general Law guiding the organization and functioning of funds
- All Funds must therefore be initiated by specific Laws
- Law on the Public Finance System 2008 will be influential

Existing Sector Laws

Law on Forestry 2002
(MAFF)

National
Forestry
Development
Fund

Law on Protected
Areas 2008
(MoE)

Protected
Areas
Fund

Law on Environment
Protection and Natural
Resource
Management 1996
(MoE)

Environment
Endowment
Fund

Existing Sector Laws

- Each Law establishes framework for use of funds, revenue sources and governance arrangements
- Detailed design elements would be established in Sub-Decree
- Limitations on use for REDD+ Fund
 - Uncertainty in purpose relating to REDD+
 - Based on their scope, currently apply to each specific sector only
 - Amendments required
- Alternative is a new Law specifically for a REDD+ Fund

Operational Funds in Cambodia

- Existing operational Funds help to understand Cambodian practice
 - Commune/Sangkat Fund
 - National Social Security Fund
 - Cambodia Climate Change Alliance Trust Fund
- Key elements will help to provide guidance:
 - Lessons on what structures are effective in Cambodia
 - Lessons on what may be politically and legally feasible
 - Precedent value for certain design elements

Commune/Sangkat Fund



Royal Government of Cambodia
National Committee for the Management
of Decentralization & Deconcentration Reform

- Transfer of revenues to Commune/Sangkat budgets
- Initiated as World Bank project, now government-administered under Law
- Revenue sources include annual % budget transfers, donations
- MoEF leads Board and houses Secretariat
- Minister of Interior approves final transfers, Provincial Governors monitor
- Formula for determining shares amongst Councils, categorization based on performance

National Social Security Fund



- Pension benefits and occupational risk scheme
- Established under national Law
- Revenue sources include employer contributions, budget, donors, investments
- Ministries of Labor and Vocational Training and Economy and Finance share responsibilities
- Governing Board includes employer and worker representatives
- Allocates benefits according to eligibility criteria, rates regularly revised

CCCA Trust Fund




- A multi-donor fund to ‘pool’ donor resources
- Climate change capacity building and donor coordination
- Support from UNDP as Trustee and Trust Manager
- Contributions from multiple donors, under contract with UNDP
- Mixed government/donor Board, with Secretariat in MoE
- Potential to transfer to National Climate Change Fund

Useful Precedents from Existing Funds



1. International and Domestic Context



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3. Lessons from International Experiences



4. Options, Recommendation and Next Steps

International Experiences

- Limited international experience with REDD+ funds
- Examples:
 - REDD+/Forest Funds: Brazil, Guyana
 - Broader Climate Change Funds: Indonesia, Mexico
- Chosen to illustrate varied approaches:
 - Narrow vs broad in scope
 - National funds vs multi-stakeholder trust funds
 - Experimenting with results-based payments

Brazil: Amazon Fund



- National fund managed by National Development Bank as trustee
- To reduce deforestation in the Amazon and reduce GHG emissions
- Linked to national action plans on Amazon deforestation and climate change
- Multi-stakeholder Guidance Committee with three voting 'blocks'
- Revenue from international donors, private sector, investments
- Donations are conditional on GHG emissions reductions (results-based)
- Based on estimates against a baseline level, fixed carbon price, average carbon stocks

Guyana: REDD+ Investment Fund



- A multi-donor trust fund
- To implement performance-based payments for REDD+, balancing national ownership and donor safeguard requirements
- Directly linked to Low Carbon Development Strategy
- Agreement between Fund, Norway (donor) and World Bank (trustee)
- Steering Committee (government and financial contributors) with Secretariat
- Verification Framework based on performance against interim indicators (policies and safeguards and GHG-based indicators)

Indonesia: Climate Change Trust Fund




- Multi-donor trust fund supported by UNDP
- To pool and coordinate resources to finance climate change policies and programmes
- 3 funding windows, one of which is 'land based mitigation' (REDD+)
- UNDP is Trustee and Fund Manager
- Government driven Steering Committee (Policy Forum and Management Forum) with non-government partners on management forum
- Technical Committee, Secretariat.
- Goal is to transfer ICCTF to full government administration

Mexico: Climate Change Fund



- Experience with National Forest Fund and Carbon Trust Fund
- New *General Law on Climate Change 2012* establishes Climate Change Fund
- To attract and channel public, and private, national, and international financial resources
- Full range of climate change activities may receive funds, including REDD+
- Public Trust created by Secretariat of Finance
- Climate Change Inter-Ministerial Committee to guide operational regulations, budgets

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4. Options, Recommendation and Next Steps

Options

1: Multi-donor REDD+ Trust Fund

- Independent trustee
- Multi-stakeholder governance
- Government-administered in the future

2: Government-administered National REDD+ Fund

- Established by new Law
- Governance structures with multi-stakeholder participation, accountability, etc

3: REDD+ sub-fund under National Climate Change Fund

- Integrated systems
- Alignment of REDD+ with broader climate change goals

4: Include REDD+ in existing Sector Law Fund

- Amendment of Forestry or Protected Areas Laws to include REDD+ within Fund

Guiding factors

- Access to international finance:
 - National-level entity
 - Multi-stakeholder participation in governance/management
 - Balances national ownership and international fiduciary standards
 - Applies high standards of accountability, transparency, safeguards
 - Enables verifiable results-based payments
- Alignment and cohesion with national institutions, policies and laws:
 - National legal system
 - National policies: REDD+ Roadmap and Climate Change Strategic Plan
 - Future REDD+ Strategy
- Practical considerations:
 - Time frames
 - Capacity
 - Feasibility

Recommendation

- Establish a National REDD+ Multi-Stakeholder Trust Fund
 - ✓ Meets requirement for national entity
 - ✓ Facilitates multi-stakeholder participation, balancing government ownership
 - ✓ Ensures high fiduciary standards, accountability, transparency
 - ✓ Enables capacity development for fund management to international standards
 - ✓ Aligned to domestic REDD+ policy and activities
 - ✓ Likely to be relatively rapid process compared to a Law
 - ✓ Avoids 'locking in' a Law in context of limited international experience and UNFCCC uncertainty
 - ✓ Enables future transition to government administration
- Future transition to Sub-Fund under National Climate Change Fund, OR to government management through Law and Sub-Decree
- However, relies on identifying donor support

Next Steps

1. Identify institution/donor(s) to support Fund establishment and operation (trustee/manager)
2. To ensure donor support, demonstrate commitment to and progress on REDD+ Roadmap:
 - National REDD+ Strategy (part 3)
 - Reference Level (part 5)
 - Framework for MRV (part 6)
3. Detailed study for National REDD+ Trust Fund design and long term plan
4. Operationalize Fund

Thank you.

Questions, Comments and Discussion

Questions for Discussion

- What are the main objectives/priorities for a Cambodian National REDD+ Fund (eg. coordinated planning, pooling resources, managing earmarked government revenues)?
- Can you any other options for a national funding mechanism be identified?
- What option(s) are major stakeholders likely to support?
- Do donors and/or government have political commitment to provide funding to operationalize and then sustain a fund?
- What is the existing capacity (financial and technical) for establishing and managing a REDD+ Fund?
- Are there existing Cambodian institutions that meet international fiduciary standards?
- What are the practical implications (time, cost) of different options for establishing a Fund in Cambodia?