

IGES Briefing Note on REDD+ Negotiations

UNFCCC COP 18, Doha, Qatar, Nov.-Dec. 2012

Outline of the Conference

REDD+ related events: COP 18, SBSTA 37 and SBI 37, AWG-LCA 15, side events

Agenda items on REDD+:

- Methodological guidance for activities relating to REDD+ (SBSTA item 5), i.e. Reference emission levels (RELs); MRV and forest monitoring systems; Safeguards information systems; and Drivers of deforestation and forest degradation
- Policy approaches & positive incentives for REDD+ (AWG-LCA item 3 (b) (iii))

REDD+ Outcomes

At the 18th session of the UNFCCC Conference of the Parties (COP 18) in Doha, from 26 November to 8 December 2012, negotiations on REDD+ made limited progress. Their outcome is included in the draft conclusions of the Chairs of the SBSTA and the AWG-LCA, respectively. The SBSTA agreed to carry over the outstanding decisions on modalities for national forest monitoring systems and forest carbon MRV as well as REDD+ finance to the 38th session of the subsidiary bodies (SBSTA and SBI) in Bonn in 2013. The AWG-LCA was not able to overcome major differences on results-based finance, but agreed on a Work Programme for 2013 including in workshops to be held prior to COP 19. It also recognised the need to initiate consultations on “ways to incentivize non-carbon benefits” of REDD+.

1. The lead up to COP 18: What has been agreed; What needed to be agreed

Since the concept was first introduced in the agenda of the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) at its 11th session in Montreal in 2005, negotiations on a global mechanism to provide incentives for reducing emissions from, and enhancing carbon stocks in, forests (REDD+) had witnessed relatively continuous progress. The Bali Action Plan adopted at COP 13 in 2007 established the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA), and tasked it with negotiations on policy approaches and positive incentives for REDD+, including financing. COP 16, held in Cancún, Mexico, in 2010, was a particularly

important milestone as it defined the scope of REDD+ and agreed on the development of methodological guidance for REDD+ under the Subsidiary Body for Scientific and Technological Advice (SBSTA), including the development of modalities for (i) national forest reference emission levels and/or forest reference levels (REL/RL), (ii) measuring, reporting and verifying (MRV) all results-based REDD+ activities (iii) robust and transparent national forest monitoring systems (NFMS), and (iv) guidance on a system for providing information on how REDD+ safeguards are being addressed and respected throughout the implementation of REDD+ activities.

COP 17 in Durban, South Africa in 2011 saw some progress on guidance related to modalities for REL/RL and the safeguards information system (SIS). Parties agreed that proposed RELs/RLs will be expressed in tonnes of carbon dioxide equivalent per year and will be used as benchmarks for performance (12/CP.17 II par.7) and that developing country parties should update a forest REL/RL periodically, taking into account new knowledge, new trends and any modification of scope and methodologies (par. 12). Guidelines for submissions of information on RELs/RLs were also adopted (FCCC/SBSTA/2011/L.25/Add.1). Agreement was also reached on the periodic provision of a summary of information on safeguards via national communications (2/CP.17). On the difficult issue of financing, parties agreed that results-based finance provided to developing countries that is new, additional and predictable could come from a wide variety of sources - public and private, bilateral and multilateral, including alternative sources (2/CP.17).

As with previous COPs negotiating REDD+, COP 18 at Doha, Qatar, in 2012 was presented with agenda items on methodological, policy and incentive issues. The methodological issues focused on MRV and NFMS (SBSTA agenda item 5), while the discussion on policy approaches and positive incentives stemmed from AWG-LCA agenda item 3 (b) (iii) (Figure 1).

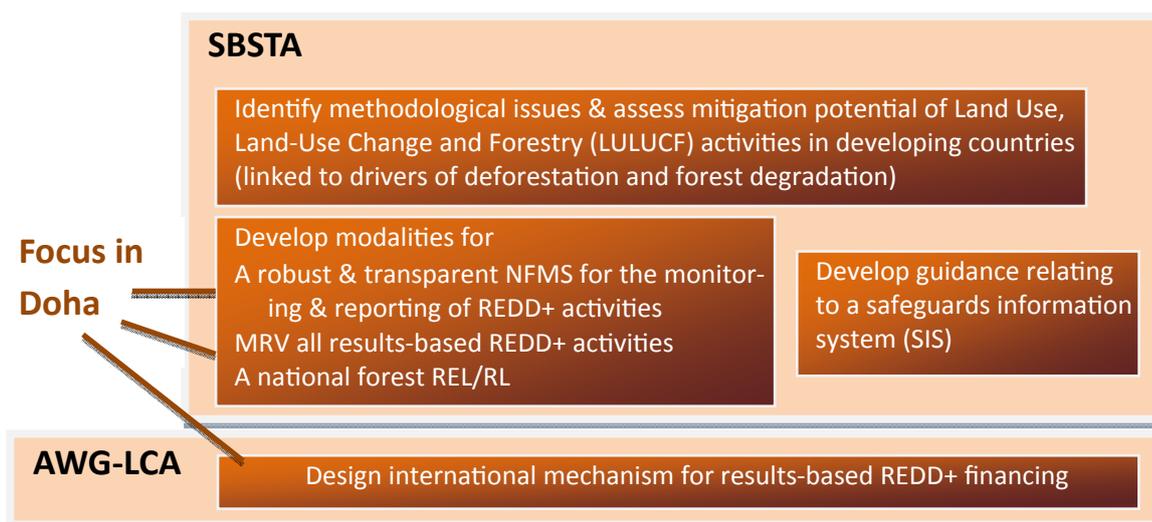


Figure 1: Issues facing REDD+ negotiators in 2012

2. REDD+ Outcomes at COP 18

The negotiations on REDD+ at COP 18 made little progress in terms of concrete outcomes. It was the first time since COP 13 in Bali that negotiators did not achieve any progress in designing the methodological or financial mechanisms of the global REDD+ scheme. This lack of progress is symptomatic of the wider issues in the current climate change negotiations, particularly climate finance. The issue of finance has always been the cornerstone of the negotiations, but reached a critical point at this COP. The non-legally binding Copenhagen Accord states that developed countries will provide \$30 billion from 2010-2012 of new and additional resources and \$100 billion per year by 2020 from a wide variety of sources, to help developing countries reduce their emissions. With the end of the “fast-start finance” in 2012, there is concern from some developing countries that the \$100 billion target will not be reached.

Doha eventually saw an agreement that “encourages” industrialised countries to increase efforts to provide finance between 2013 and 2015 at the same levels as provided during the fast-start period. However, the Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA), which held its final session, was not able to overcome major differences on results-based finance and could only agree on the Work Programme for 2013 and the need to initiate consultations on “ways to incentivize non-carbon benefits” of REDD+, such as biodiversity conservation and water filtration. PNG proposed the creation of a “REDD+ Committee,” which would replace current multilateral institutions financing REDD+, including the World Bank’s Forest Carbon Partnership Facility, but some developed countries expressed their opposition to the creation of new institutions.

The SBSTA negotiations started with some progress in developing the modalities for NFMS and RELs/RLs, but found progress difficult on MRV because of opposing views on options for verification and financing. The SBSTA agreed to carry over the outstanding decisions on modalities for NFMS, MRV and REDD+ finance to the 38th session of the subsidiary bodies (SBSTA and the Subsidiary Body for Implementation (SBI)) in Bonn in 2013.

AWG-LCA: Work Programme on results-based finance in 2013

Parties discussed options for results-based REDD+ finance in a spin-off group and in informal, open-ended consultations during the second part of the 15th and final session of the AWG-LCA. Negotiators agreed on an “Outcome of the work”, which was adopted by COP 18. Section II C. Policy approaches and positive incentives on issues relating to REDD contains two main processes to ensure continued discussions on these elements in 2013.

The first of the processes is a work programme on results-based finance, as proposed by Colombia, which will run through to COP 19. The work programme aims to contribute to scaling up and improving the effectiveness of finance for REDD+ activities. To achieve these objectives it will take into account a variety of public and non-public sources and consider (i) ways and means to transfer payments for results-based actions, (ii) ways to incentivize non-carbon benefits, and (iii) ways to improve the coordination of results-based finance. Figure 2 depicts how the work programme will operate.

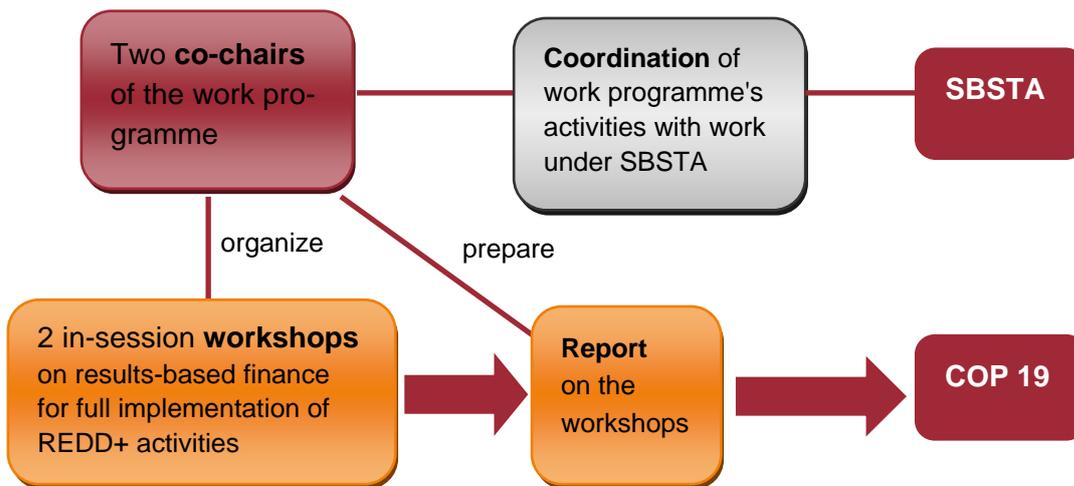


Figure 2: AWG-LCA's recommendations for a work programme on results based finance in 2013

The main activities under the work programme are two in-session workshops to discuss the above options for scaling up and improving results-based REDD+ finance. The co-chairs of the work programme will represent both developing and developed countries and will be appointed by the President of the COP. They are expected to coordinate the programme's activities with the SBSTA and to prepare a report on the workshops' outcome for COP 19.

The other process recommended by the AWG-LCA is for SBSTA and the SBI to consider existing institutional arrangements or potential governance alternatives for REDD+ (including a body, a board or a committee) during their 38th session (SB 38) in Bonn in May/June 2013 (Figure 3).

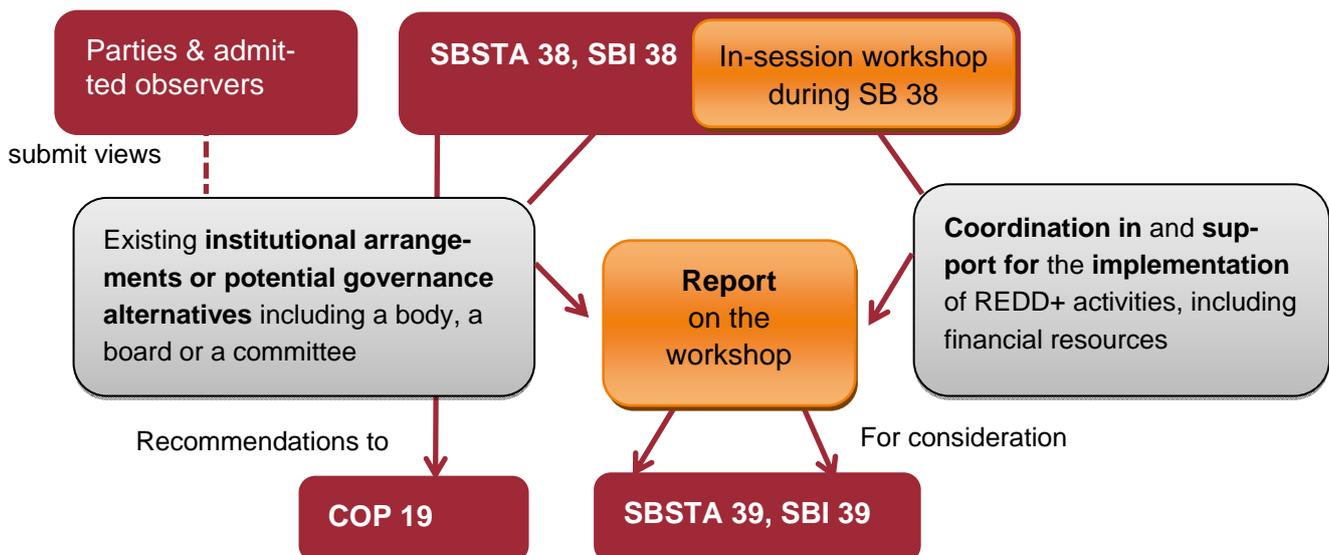


Figure 3: Agenda for consultations on further REDD+ issues in 2013 as outlined by the AWG-LCA

Parties and observers were requested to submit their views on these issues by 25 March 2013. The AWG-LCA recommended organising an in-session workshop during SB 38 in May/June 2013 to discuss these institutional arrangements as well as the coordination in and support for the implementation of REDD+ activities, including financial resources. A report on the workshop's outcome is to be submitted by the UNFCCC Secretariat to SBSTA 39 and SBI 39.

The AWG-LCA also requested the SBSTA to consider non-market based approaches, such as the “joint mitigation and adaptation approaches for the integral and sustainable management of forests” proposed by Bolivia, and to report on this to COP 19.

SBSTA: National Forest Monitoring Systems

Seven safeguards for REDD+ were agreed at the 16th COP, and at the 17th COP Parties agreed on some modalities for safeguards information systems and RELs/RLs, but COP 18 was unable to deliver any outcomes.

The NFMS must be able to monitor the emission reductions resulting from REDD+ activities. This requires monitoring of changes in forest area and forest carbon stock. The results of the monitoring will have to be reported by each country regularly to the UNFCCC and this reporting will have to be verified (Figure 4). At Doha, Parties almost agreed on some of the modalities for the NFMS, including, where possible, to build upon existing systems; to conduct surveys on the basis of the forest types following national definitions; to allow for flexible improvement; and to follow a phased approach. Parties also almost agreed that as part of MRV, developing countries would report the results of REDD+ activities by providing information and data on estimated total forest carbon emissions, removals, and accumulation, and change in forest area, using a tCO₂eq/year unit against the REL/RL through the biennial report as agreed under the negotiation on Nationally Appropriate Mitigation Actions (NAMAs).

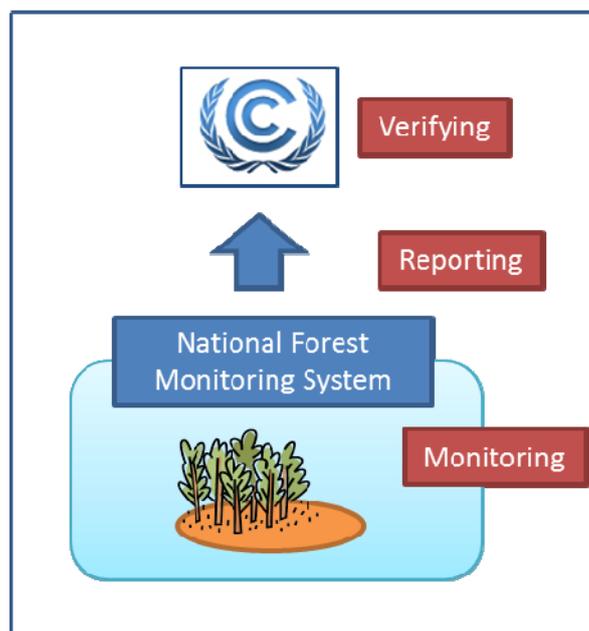


Figure 4: National forest monitoring system and REDD+ MRV

3. Sticking points: Results-based financing and verification modalities

Disagreements over REDD+ financing are many. At Doha, some developing countries, including the group of Least Developed Countries (LDC), argued that incentives for REDD+ should include payments that reflect



other environmental and social benefits, while several industrialised countries, including Australia and Norway, argued that results-based REDD+ payments should be for emissions reductions only. The major sticking point on financing, however, remains whether REDD+ should be financed through a market based mechanism that allows for developed countries to use carbon offsets.

Many parties, including most developed countries and some developing countries, argue that the scale of mitigation finance required to avoid dangerous climate change can only be reached through a variety of funding sources including market-based mechanisms. Some developing country parties oppose the use of markets, which they see as an unpredictable supplier of finance. This issue is linked to the other major sticking point during the Doha negotiations, i.e. the modalities for verification.

Industrialised countries generally argue for a rigorous, independent, international verification process. Their position appears to be mostly driven by the desire to offset some of their emissions using REDD+, but it could partly be due to the fact that they are funding REDD+ readiness and activities in developing countries and want to know that their funding is well spent. Strict verification processes are clearly required for offsetting to work effectively; hence their proposal for international verification by independent experts.

On the other hand, some developing countries, particularly those that reject the idea of industrialised countries use REDD+ for offsetting, want to avoid the costs and complexity of rigorous verification processes. These parties, including Brazil, appear to favour an approach in line with NAMAs, whereby they can report emissions reductions from REDD+ as part of their national greenhouse gas inventories. They argue that the verification should be conducted as part of "international consultation and analysis" (ICA), a process agreed for NAMAs.

4. Time to set up a REDD+ body within the UNFCCC framework?

Until there is agreement on the REDD+ finance mechanism, there is unlikely to be little progress on verification modalities. It is clear that concentrated negotiations on REDD+ results-based financing are now required. As the AWG-LCA has concluded its mandate, a new institutional arrangement to facilitate these negotiations is needed. This could be achieved either through an existing or new body within the UNFCCC framework. Some Parties are opposed to the creation of specific body for REDD+. The Subsidiary Bodies could be tasked with this role, however, the creation of a REDD+ specific body under the authority of the COP would have the advantage that as a permanent institution and with an exclusive focus on REDD+ it could oversee and ensure consistency in the mobilisation of financial resources. It could also play an important role in providing guidance in developing REDD+ readiness and facilitate the process toward the full implementation of REDD+ activities. The experience with existing bodies both under the Kyoto Protocol and the UNFCCC could inform the discussion on the advantages and disadvantages of creating such a body.

5. Understanding deforestation drivers

COP 16 requested the SBSTA to identify land use, land-use change and forestry activities in developing countries, in particular those that are linked to the drivers of deforestation and forest degradation. SBSTA 35 in

2011 requested REDD+ developing countries to submit to the Secretariat their views on the issues in the REDD+ Work Programme of the SBSTA, with a particular focus on these drivers. Based on the submissions received, at SBSTA 36 in May 2012, parties exchanged initial views on the issue of drivers of deforestation and forest degradation. The discussion of drivers was not reflected in the SBSTA conclusions, as some parties indicated that it was premature to do so. Discussions were to continue at SBSTA 37 in Doha, with a particular focus on how to address the drivers while taking into account national social and economic aspects.

While the issue did not make it into the actual agenda of discussions in Doha, some countries have made important progress in understanding and addressing the drivers of deforestation and forest degradation, though some drivers appear beyond their influence. For example, at a COP 18 side event, Brazil's Minister of the Environment, Ms Izabella Teixeira, stated that annual deforestation in Brazil had declined by 83% from the 2004 level (Figure 5). Panelists suggested that the reasons for this decrease can be found not only within the country, but also outside the country. Actions on law enforcement within Brazil that could have reduced the deforestation rate are the establishment of an inter-ministerial permanent workgroup, the coordination of forest monitoring systems, particularly remote sensing, with law enforcement, as well as the focus on selected municipalities. Inside and outside the country, market prices for soya and meat have declined, meaning there is less incentive to convert forests for agriculture.

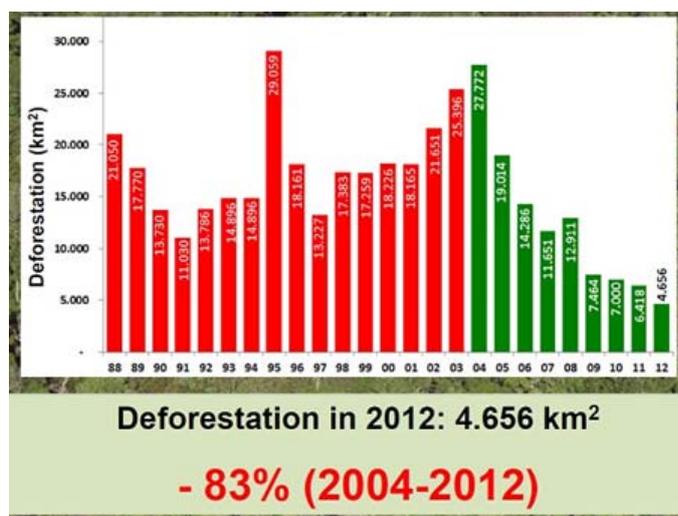


Figure 5: Brazilian Amazon deforestation rates, 1988-2012 (Source: Presentation by Francisco de Oliveira, DPCD/MMA, Ministry of the Environment, Brazil, at Amazon side event)

Bilateral assistance appears to have been important for tackling and monitoring drivers of deforestation in the Amazon. The assistance from Norway to Brazil through the Amazon Fund has been especially relevant. The Fund has also played an important role in facilitating South-South cooperation. 20% of the Fund is now spent outside the Amazon region and Brazil has shared information with and provided support to countries such as Indonesia and the DRC. It is important that the discussion on deforestation drivers continues under the UNFCCC to facilitate the sharing of new knowledge, including on methods to identify and track drivers. UNFCCC negotiators are expected to turn their attention back to deforestation drivers in 2013.

6. Moving forward

Although the negotiations were discouraging, the side-events at Doha showed that commitment to REDD+ is strong. While negotiators could only agree on continuing negotiations in the subsidiary bodies and at thematic workshops, with international support developing countries are forging ahead with work on national REDD+ strategies, NFMS, RELs/RLs, and SIS, and demonstration activities can now be found sprinkled across

Africa, Asia and Central and South America. The UK, Norway, US, Germany and Australia issued a joint statement reaffirming their commitment to working together to achieve REDD+. Norway announced a further contribution of one billion Norwegian Kroner (approx. USD 178 million) to Brazil's Amazon Fund, despite the high-profile dispute over verification of emissions reductions from deforestation during the formal negotiations.

UNFCCC parties committed to negotiating a universal agreement by 2015 on a new climate regime by 2020, including a timeline for developing draft negotiating text (elements of a text by 2014 and a full negotiating text by mid-2015) and the adoption of the agreement by COP 21 in 2015. Given the limited outcome in Doha, negotiators need to achieve significant progress in 2013 and 2014 on REDD+, with agreements outstanding on all the five issues in the SBSTA Work Programme on REDD+ and on the design of an international mechanism for results-based REDD+ financing. On verification, a way forward could be to initially focus negotiations on how independent the process needs to be.

A potential future sticking point is definitions of forest and forest degradation. COP 18 discussed national forest surveys using existing national forest definitions, but beyond this, there has been no serious discussion on definitions for REDD+ by the COP. As ICRAF (2012, 1) points out, "the concept of reference level of deforestation is non-operational and cannot be used unless a stringent natural forest definition can be agreed upon internationally." Definitions clearly matter. Depending on the forest definition used, Indonesia's recent annual deforestation rate has been found to vary from -0.5 to 3% for the 2005-2010 period (ICRAF 2012). The challenge for the COP may be to agree on parameters for national definitions that allow flexibility to accommodate national circumstances, while at the same time providing sufficient rigour and consistency to ensure REDD+ actually achieves emissions reductions and equity between countries.

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