

IGES Briefing Note on REDD+ negotiations

UN Climate Change Conference, Bonn, Germany, 14 to 25 May 2012

Subsidiary Bodies (SB 36)

July 2012



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Box 1 Executive Summary

Overview

- Events: SBSTA and SBI (36th session), AWG-LCA (15th session), AWG-KP (17th session), ADP (1st session), side events
- Agenda items on REDD+:
 - Methodological guidance for activities relating to REDD+ (SBSTA item 4)
 - Policy approaches & positive incentives for REDD+ (AWG-LCA item 3 (b) (iii))

REDD+ outcomes

- **SBSTA:** The closing plenary adopted *draft conclusions proposed by the Chair* on methodological guidance for REDD+ activities. The SBSTA was unable to make significant progress on the outstanding elements, namely (1) methodological guidance on modalities relating to drivers of deforestation and forest degradation; (2) guidance on addressing drivers of deforestation and forest degradation; (3) guidance for technical assessment of forest reference emission levels/ reference levels (REL/RL); and (4) guidance on presentation of summary of safeguards information including its timing and frequency. It agreed to initiate/continue consideration of these elements at its 37th session in Doha.
- **AWG-LCA:** A spin-off group held informal consultations on options for a global REDD+ financing mechanism, which were summarised in an oral report document submitted to the AWG-LCA Chair

Observations

- The consensus reached by the SBSTA on methodological guidance is limited and largely a reiteration of existing principles for GHG inventory reporting
- The compromise in Durban on allowing for a basket of financial sources has not solved the problem of agreeing a global financial instrument for REDD+
- REDD+ could provide an opportunity to act on climate change in the interim pending a post 2020 climate change agreement.

Recommendations

- SBSTA to take stock of ongoing initiatives to strengthen national forest monitoring for REDD+, and to evaluate a conservative approach to monitoring
- IPCC to be tasked to develop methodological guidance on: (a) MRV of forest-related emissions and removals, forest carbon stocks and area changes; (b) development of forest REL/RL according to national circumstances; and (c) technical elements for national forest monitoring systems, such as remote sensing consistent with phased approach
- Parties to explore innovative funding sources, and to develop and test national REDD+ Registries

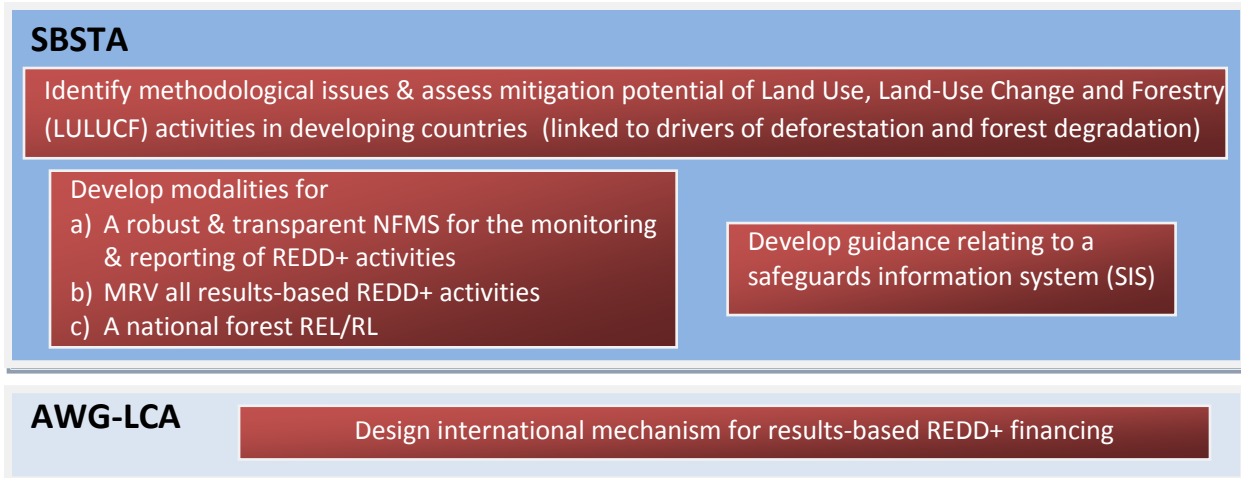
1. Background

Since 2005, Parties to the UNFCCC have been negotiating a global mechanism to provide incentives for reducing emissions from, and enhancing carbon stocks in, forests (REDD+). The development of methodological guidance for REDD+ is part of the Work Programme of the Subsidiary Body for Scientific and Technological Advice (SBSTA) ([Appendix II of 1/CP.16](#), extended at the 17th Conference of the Parties (COP 17) in Durban, South Africa ([FCCC/SBSTA/2011/L.25](#))), whereas policy approaches and positive incentives for REDD+, including financing, are being discussed in the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) (Figure 1).

At the 17th COP in Durban in 2012, parties reached agreement on social and environmental safeguards for REDD+ and on some characteristics of safeguards information systems (SIS) for reporting on how the safeguards are being addressed and respected throughout the implementation of REDD+. These include a summary of information, which should be provided periodically via national communications (Decision [12/CP.17](#)). Durban also saw progress on the modalities for national forest reference emission levels and/or forest reference levels (REL/RL). Parties agreed that proposed RELs/RLs have to be expressed in tonnes of carbon dioxide equivalent per year and will be used as benchmarks for performance. 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). SBSTA 35 in Durban did not reach decisions on modalities for national forest monitoring systems (NFMS) and for measuring, reporting and verifying (MRV) of anthropogenic forest-related emissions by sources and removals by sinks, forest carbon stocks, and forest carbon stock and forest-area changes resulting from REDD+ implementation. It left these two areas of work to be carried on in 2012 during its 36th session and completed during its 37th session.

At COP 17 parties also agreed that results-based finance provided to developing country parties that is new, additional and predictable may come from a wide variety of sources - public and private, bilateral and multilateral, including alternative sources (decision [2/CP.17](#)). They invited parties to submit, by 5 March 2012, their views on modalities and procedures for financing results-based actions (par. 69), and requested the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) to consider the above submissions, a technical paper and the report on the outcomes of a workshop with the aim of reporting on progress made and any recommendations to the 18th COP.

Figure 1 Issues facing REDD+ negotiators in 2012



2. Methodological guidance for REDD+ activities (SBSTA)

Methodological guidance for REDD+ was first addressed in the SBSTA plenary and assigned to a contact group (CG) and informal consultations. The three main issues discussed were national forest monitoring systems, MRV, and drivers of deforestation and forest degradation. In its concluding session on 25 May, the SBSTA plenary adopted “Revised draft conclusions proposed by the Chair” ([FCCC/SBSTA/2012/L9/Rev.1](#)). Its Annex “Elements for a possible draft decision on modalities for national forest monitoring systems and measuring, reporting and verifying” takes up the two areas that were prioritised. The elements contain many brackets on issues where consensus has not been reached. SBSTA 37 is scheduled to complete the work and submit the final draft decision to the 18th session of the COP in Doha, 26 November to 7 December 2012.

a) National forest monitoring systems

Informal consultations centred on the potential features of NFMS. Parties agreed on three points:

- (i) The development of NFMS should or shall follow guidance provided in decision [4/CP.15](#) and the most recent Intergovernmental Panel on Climate Change [IPCC] guidance and guidelines.
- (ii) A “robust” NFMS “should provide data and information that are transparent, consistent over time, [and] complete”. The definition of “complete” data and information provided by the NFMS, means that it “allows the technical analysis of the results” (and, in brackets, the establishment of REL/RL).
- (iii) NFMS should (a) build upon existing systems; (b) provide information on all forest areas or land in the country; (c) enable assessment or identification of changes that have occurred in natural forests; (d) be flexible and allow for improvement; (e) reflect the phased approach to REDD+; (f) and identify potential sources of uncertainties to the extent possible.

The bracketed guidance in the remaining paragraphs mentions potential linkages with addressing drivers of deforestation and forest degradation, the SIS, and the development of a holistic system that considers the multiple functions of forest. Some parties pointed out that such a system should provide data and information that is complete, as it would allow the technical analysis of the results of the activities to be implemented. On the type of information to be collected, some parties argued that the information should be selected by each country that implements REDD+. Some developed countries highlighted the need for robust information and for consideration of social and environmental safeguards within the monitoring system. Positions differed particularly on the issue whether activities “shall” or “should” take into account the most recent IPCC guidance. Many developing countries underscored the need for capacity building, adequate support and finance. Many parties said a phased approach was required for developing a robust NFMS.

b) MRV of emissions by sources and removals by sinks

The three of fifteen paragraphs on modalities for MRV not in full brackets state:

- (i) MRV should be consistent with guidance provided in [4/CP.15](#) (in brackets IPCC guidelines) and should include modalities developed for the MRV of Nationally Appropriate Mitigation Actions (NAMAs), which are discussed separately to REDD+
- (ii) MRV systems should provide data that is transparent, complete, consistent with RELs/RLs and as accurate as possible
- (iii) This data is to be provided through Biannual Update Reports (BUR).

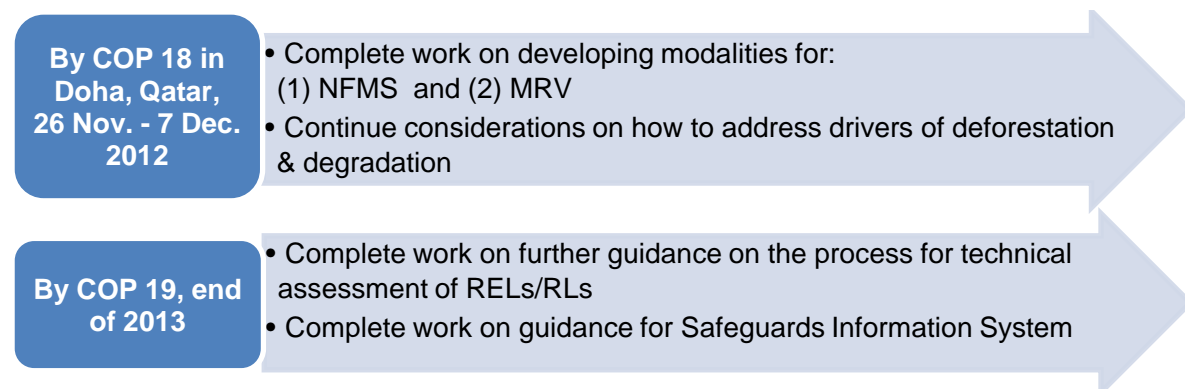
Parties discussed the need to explore synergies when developing a MRV system. Some suggested to look at common elements between MRV for NAMAs and for REDD+, or to consider existing national monitoring systems as a basis to build upon. A number of parties pointed out that requirements on quality and types of information should ensure simplicity without overburdening developing countries. Many developing countries argued for making a reference to the need for MRV support. Some parties emphasised that access to information and technology should be facilitated by developed countries, while others highlighted the role of South-South cooperation. Some parties proposed inclusion of the information on REDD+ in the BUR, which should be verified by International Consultation and Analysis (ICA). This would mean linking REDD+ with NAMAs in terms of national reporting and verification. Norway, however, emphasised the importance of third party verification.



c) *Other issues*

- **Drivers of deforestation and forest degradation:** Parties exchanged initial views on this issue. Some stressed that drivers are different in each country and should be addressed at the national level. Some parties suggested including international drivers in the draft text, but this was opposed by Brazil and Argentina, which argued that consultations should focus on issues under the UNFCCC's mandate. The discussion on drivers was not reflected in the SBSTA conclusions, as some parties indicated that it was premature to do so. Discussions will continue at SBSTA 37, with particular focus on how to address the drivers of deforestation and degradation while taking into account national social and economic aspects.
- **Modalities for reference levels:** COP 17 had requested the SBSTA to develop further guidance on the process for technical assessment of forest RELs/RLs in Bonn. However, SBSTA 36 agreed to postpone this work to SBSTA 37 and complete it at its 39th session due to anticipated lack of time.
- **Information systems on safeguards:** SBSTA 36 had also been requested to consider the timing of the first and the frequency of the subsequent presentations of the summary of information on how the social and environmental safeguards are addressed and respected in the implementation of REDD+, with a view to recommending a decision for adoption by the 18th COP in Doha. In addition, SBSTA 36 was due to start work on providing further guidance on how to provide safeguard information in a transparent, comprehensive, effective and consistent manner. In Bonn, SBSTA 36 decided to take up these tasks at its 37th session in Doha and to complete the work by SBSTA 39 in 2013, following a more realistic time frame (Figure 2).

Figure 2 Revised schedule for SBSTA work on methodological guidance on REDD+



3. Policy approaches & positive incentives for REDD+ (AWG-LCA)

The AWG-LCA plenary agreed to establish a single Contact Group (CG). At the first CG meeting on 18 May parties agreed to launch a number of spin-off groups on tasks mandated by the 17th COP, including one on REDD+. On two occasions, the REDD+ spin-off group discussed parties' submissions on REDD+ financing related issues, expectations of parties for achievements in Doha, and ways forward.

- Delegates exchanged views on modalities and procedures for financing results-based actions, on the basis of the submissions made by March 2012 as mandated by COP 17 (see Table 1). Some parties pointed out that the 2°C target can only be achieved if REDD+ is part of the solution. Many parties highlighted that the required scale of financing can only be reached through a variety of sources. Many parties also expressed support for a REDD+ window in the Green Climate Fund (GCF), with some saying this funding should be provided for all three phases of the phased approach (Guyana, Philippines), and others cautioning that the GCF Board would have to take a decision on this (US, Australia). The Philippines highlighted that the GCF should involve broad participation, including of civil society and indigenous people. Some parties rejected market finance (Bolivia, Sudan and Tanzania; India for the conservation of forest carbon stocks; Brazil for the generation of offsets), while China expressed a preference for public sources of financing. Guyana called for developing new market mechanisms under the guidance of the COP, whereas Japan said that a decentralised approach should be possible together with a centralised approach. Mexico explained its proposal under which parties participating in REDD+ would establish a national registry to account for the verified emission reductions and carbon stock units and inform an UNFCCC REDD+ registry to prevent double counting. Some parties also called for linking with the financing negotiations going on elsewhere under the UNFCCC process.
- Facilitator Osafo submitted an [oral report](#) on the consultations to the Contact Group. Prior to COP 18 in Doha, a technical paper to be provided by the Secretariat and a REDD+ workshop that is tentatively scheduled back-to-back with the AWG-LCA meeting Bangkok from 30 August to 5 September 2012, are expected to provide further input for potential elements of a decision on REDD+ finance by COP 18 in Doha. Figure 3 lists the main elements summarised by the facilitator of the spin-off group in the oral report (Figure 3).

Figure 3 Way forward & potential elements of a COP decision in Doha on REDD+ finance

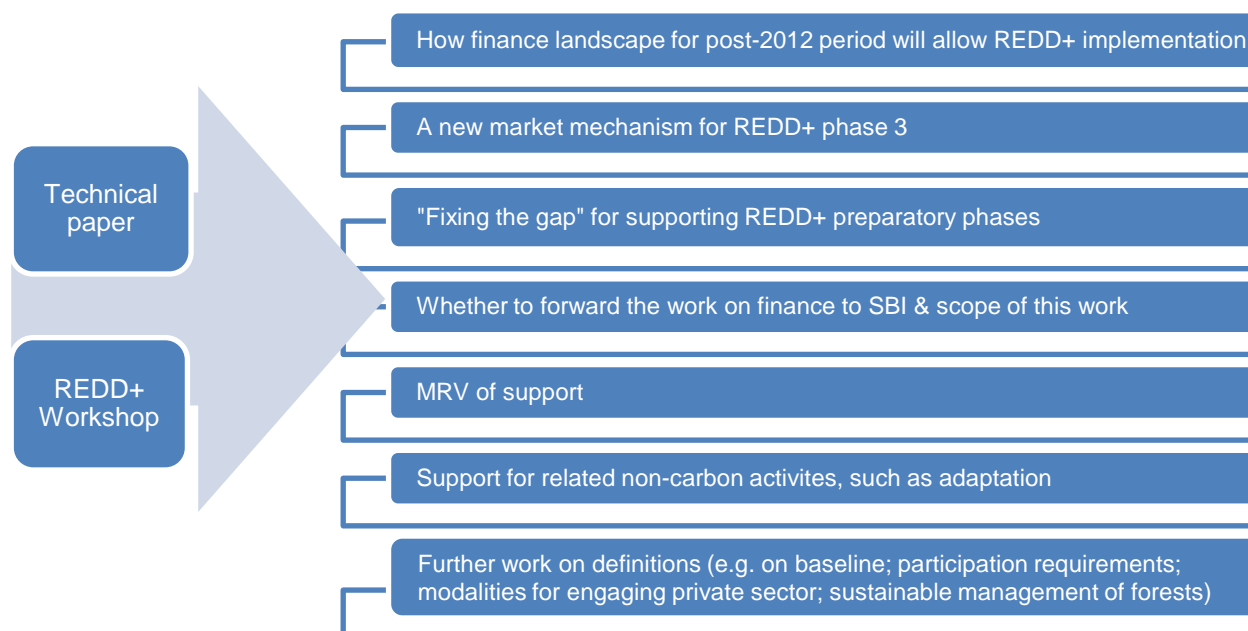


Table 1 Summary of selected party submissions on REDD+ financing

	Sources of funding				Other highlighted REDD+ finance related issues
	Public funding	GCF	Private funding	Market based mechanism	
Coalition of Rainforest Nations	International financial institutions & bilateral funding	GCF REDD+ funding window	Consistency & guidance by the COP required	Voluntary, based on national circumstances	Establish Regulatory Body under guidance of the COP to coordinate existing & new market based mechanisms; REDD+ to be included in LCA's new market mechanism
	Combined funding: (i) REDD+ Bonds; (ii) Advance Market Commitment; (iii) Public-private partnerships				
Bolivia	GCF to transfer external public funds to "National Fund for Climate Justice" in developing countries		Ethical private funds, "climate justice" business initiatives	Not supported	Joint Mitigation and Adaptation Mechanism for Integral & Sustainable Management of Forests as non-market alternative
China	Deliver results-based finance in instalments to developing country governments		Focus should be on public finance		Create REDD+ Technical Panel under Convention to assess and facilitate finance allocation
Colombia, Costa Rica, Honduras, Mexico	GCF: should provide finance for results-based incentives; could coordinate other contributions from Parties...		...and interested private sector entities, etc.	"Most promising"; REDD+ units could be used outside GCF	National REDD+ Registry to account for verified emission reductions & carbon stock enhancements a country holds, transfers, or cancels (in units)
	Additional innovative funding sources to GCF				
EU, with other European countries	Evolving modalities & procedures of multilateral & bilateral REDD+ initiatives, and lessons learned from voluntary carbon markets should inform process of designing REDD+ results-based actions				Possible decision could include: (i) Quantifiable baseline (ii) operational definitions (iii) participation requirements
LDCs	Major source of funding	GCF REDD+ funding	Private sector funding to be complementary	Opposed to REDD+ offset carbon trading	Allocation of funding should prioritise LDCs, invest in national programs/ infrastructure
India	Disburse incentives to national governments	Incentivise REDD+	No role specified	Mechanism separate from CDM market	Need for definitions Parties to determine and fix three types of incentives per unit
Indonesia	Should be part of Annex I countries USD 100 billion commitment per year by 2020	GCF REDD+ funding window	Role of private sector in results-based actions is essential	Ensure market integrity in market based mechanism	Define appropriate approaches for different types of REDD+ activities and funding sources Incentives' focus on countries with significant carbon stocks but lower deforestation rates
	Guidance for effective integration of public and private finances				
Japan	Each country to choose types of finance (public/private) and types of channels (market-based/non-market-based, centralised/decentralised, bilateral/multilateral), based on demonstration activity experiences				Information to be analysed in technical paper and points to be discussed at the workshop
Malaysia	Stresses public international funding	GCF REDD+ funding	No specified role	Mechanism separate from CDM market	Shift investments towards addressing drivers of deforestation & forest degradation
Norway	Various forms of finance sources to leverage & re-direct private finance Supports international mechanism for incentive payments, with the option of a REDD+ Window under the GCF				Ex post payments for verified emission reductions/ removals International (national) registry
Philippines and Switzerland	Revenue generation for REDD+ investments through forest bonds, certified timber, ecosystem service payments, taxes, levies, etc. Public, multilateral & bilateral funds, climate insurance, GCF, and private sector (including "impact investors" for upfront financing)				Performance based system (ecosystems, livelihoods, governance); capable & fair management and disbursement
United States	All sources and types of funding will be required and should be encouraged; GCF Board to seek input on modalities/ procedures for results based financing			Refers to market-based mechanism in 2/CP.17	REDD+ market-based mechanism (para. 66 2/CP.17) to be part of broader mechanisms (para. 83)

4. What does the REDD+ outcome from Bonn mean for Doha?

The 2012 Climate Change Conference in Bonn was marred by a sense of mistrust between developed and developing countries that reached an "unprecedented" level in the eyes of many participants. This was reflected in prolonged procedural wrangling that mainly affected the agendas of the Ad Hoc Working Group on the Durban Platform for Enhanced Action and the AWG-LCA. Consultations on REDD+, particularly in the SBSTA, were comparatively constructive, with some agreed text on the modalities of national forest monitoring systems and MRV.

However, compared to earlier conferences no substantial progress on REDD+ was made in Bonn, now that negotiations on rules and methodologies and a global REDD+ financial mechanism have started. The positions taken by different parties remain diverse and have become relatively inflexible.

a) Methodological guidance

In this sense the IPCC would be the most appropriate body to develop and provide methodological guidance. The tasks that should be considered for the IPCC include: (a) methodological guidance on MRV of forest-related emissions and removals, forest carbon stocks and area changes; (b) guidance on development of forest REL/RL according to national circumstances; and (c) guidance on technical elements for national forest monitoring systems, such as remote sensing consistent with a phased approach. Noteworthy in Bonn were the proposals made by some parties to link national reporting and verification on REDD+ with instruments used under NAMAs, such as ICA, and to follow a conservative approach to REDD+ monitoring. Voluntary markets and the CDM recognise conservative approaches, but the IPCC requires neither underestimates or overestimates in GHG inventory reporting. If REDD+ MRV methodologies employ a conservative approach then estimates will not be consistent with national inventory reporting. The SBSTA could consider this issue further.

At COP 13 developing countries were requested to begin developing their national monitoring systems for REDD+. Since then, UN-REDD, FCPF and bilateral donors such as Japan and Australia have provided financial and technical resources to assist developing countries to review and strengthen their forest monitoring systems for REDD+, and to build their human resource capacity for forest monitoring. The discussions at Bonn did not reflect these initiatives. SBSTA should consider (e.g. through a workshop or paper) a stock-taking of ongoing initiatives to strengthen national forest monitoring for REDD+, in order to capture the variety of approaches in terms of objectives, methodologies, starting points, activities and timelines.

The initial consultations in Bonn on the drivers of deforestation and forest degradation did not progress well and bode ill for significant progress in Doha. The discussion on drivers is important because as part of the national reporting on REDD+, the drivers should be reported along with the REDD+ activities and the emissions reductions achieved. Without reporting the drivers, it is impossible to demonstrate additionality at a national scale.

The topic of international deforestation drivers has also entered the discussions. There are various initiatives underway to combat the international drivers and the next COP could consider making a statement to recognise and encourage these initiatives. The initiatives include laws aimed to stop the import of illegal timber, certification of legal and sustainable timber, and support for legality licensing in developing countries. The statement could also refer to initiatives in the agricultural sector that seek to reduce conversion of forests for agriculture, such as certification of sustainable palm oil.

b) Financing options for results-based REDD+ activities

Financing for results-based REDD+ activities has been the greatest sticking point for the REDD+ negotiations, with a few countries opposing carbon offset financing and questioning the feasibility of market-based mechanisms. To make progress on this issue at COP 17, parties agreed that results-based finance provided to developing countries may come from a wide variety of sources, including public, private, bilateral, multilateral

Methodological guidance

- The consensus reached by SBSTA on methodological guidance is limited and largely a reiteration of existing principles for GHG inventory reporting
- SBSTA should consider stock-taking of initiatives to strengthen national forest monitoring for REDD+
- IPCC should be tasked to develop methodological guidance on:
 - (a) MRV of forest-related emissions and removals, forest carbon stocks and area changes;
 - (b) development of forest REL/RL according to national circumstances;
 - (c) technical elements for national forest monitoring systems, such as remote sensing consistent with phased approach



and alternative sources. This agreement on a basket of financial options allows parties to explore and make available a range of funding sources, which appear to be required in the face of the expected large-scale funding needs to address the drivers of deforestation.

In terms of future options for public funding, the idea of creating a REDD+ window under the Green Climate Fund remains a potential option as there was no evident opposition to this suggestion. The GCF, which was agreed at COP 16, is intended to support projects, programmes, policies and other activities in developing countries using thematic funding windows. In the mean time, countries that have proposed a national REDD+ Registry could go ahead in developing and testing options for this, possibly with the support of countries open to this idea such as Norway. Further work is also required on innovative funding sources (e.g. REDD+ Bonds and public-private partnerships), which are evolving on the ground, as one of the side events highlighted.

The next opportunities for advancing the negotiations on the development of financing options for the full implementation of results-based REDD-plus actions will be provided by the second part of AWG-LCA 15 scheduled for 30 August – 5 September 2012 in Bangkok, Thailand, and by a REDD+ workshop later this year that may be held back to AWG-LCA in Bangkok according to the AWG-LCA Chair. This opportunity and the technical paper that the UNFCCC Secretariat was requested to prepare by July must provide strong inputs if any significant progress on REDD+ financing is to be made.

Financing options

- Compromise in Durban on allowing for basket of financial sources has not solved the problem of agreeing on a global financial instrument
 - GCF Fund appears the most realistic option for agreement, but will likely not suffice in view of anticipated needs for REDD+ funding
 - Experiences with developing and testing national REDD+ registry could inform the process
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5. Conclusions

Progress on REDD+ at Bonn was very limited. Why? Does the decision at Durban to delay a future climate agreement with commitments from all countries to 2020, or beyond, now mean that Parties feel under no pressure to put aside their perceived immediate national interests and agree the necessary elements of a global REDD+ mechanism for the long-term good of humankind? UNFCCC negotiators should understand that their responsibility is not only to agree and construct a future compliance framework by 2020, but also to provide encouragement for early actions and clear guidance to countries undertaking REDD+ readiness. This is all the more important in view of the urgent need to act on climate change in order to limit the global temperature increase to 2°C or less.

Acknowledgements

The authors are very grateful to Dr Simon Eggleston and Dr Henry Scheyvens for their review of this Note, and to Mr Kentaro Takahashi for providing valuable information used in this Note.

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Suggested citation

Federico López-Casero,* Makino Yamanoshita and Nalin Srivastava. 2012. IGES Briefing Note on international REDD+ negotiations. UN Climate Change Conference in Bonn, 14-25 May 2012. Ref. 2012/1. Institute for Global Environmental Strategies, Hayama, Japan. P. 1-8.

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