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**Developments in UNFCCC regarding
Forests and their Potential Implications for Tropical Forests and
World Tropical Timber Economy
[Decisions 2(XXXIX) and 1(XLI)]**

[Item 15 of the Provisional Agenda]

1 Introduction

1.1 This document is a follow up to ITTC Decisions 2(XXXIX) and 1(XLI) requesting updated information on major developments in tropical forest related issues in the decisions and related discussions under the United Nations Framework Convention on Climate Change (UNFCCC) and in the Intergovernmental Panel on Climate Change (IPCC).

1.2 The present report covers progress made since the Fifty-first Session of the ITTC in November 2015. In December 2015, 197 Parties to the UNFCCC adopted the "Paris Agreement"¹ which is a historic agreement with implications for all sectors of the economy with a target of holding the increase in the global average temperature to well below 2°C above pre-industrial levels (Graham 2016). To harness the potential of tropical forests to contribute to the global response to climate change, a better understating of the emerging opportunities for tropical forests under the Paris Agreement is needed. The following Section highlights the coverage and potential of forests and REDD+ in the Paris Agreement while Section 3 updates the status of the development of forest reference emission levels/forest reference levels for results-based payments for REDD+. The report also includes a section presenting REDD+ related activities undertaken by the ITTO Secretariat.

2 Forests and REDD+ in the Paris Agreement

2.1 Before the adoption of the Paris Agreement at the Twenty-first session of the Conference of the Parties to the UNFCCC (COP 21), negotiations concerning the integration of reducing tropical deforestation within the global climate regime took ten years (Wolosin et al. 2016). Negotiations began during COP 11 (Montreal) in 2005, when Papua New Guinea and Cost Rica requested inclusion of a new agenda item called "Reducing Emissions from Deforestation". Following this initiation, international discussions and agreements of the UNFCCC intensified the development of policy approaches and positive incentives for reducing emissions from deforestation and forest degradation, enhancing sequestration of atmospheric carbon and prolonging its storage in forests resulting in a series of important decisions under the Bali Action Plan adopted at COP 13.

2.2 In the time between COP 13 (Bali) and COP 21 (Paris), the main agreements to advance REDD+ include: introduction of REDD+ activities in the Bali Action Plan at COP 13; methodological guidance on

¹ key elements of the Paris Agreement in December 2015 can be summarized as follows:

- 1) To keep global temperatures "well below" 2°C (3.6F) and even more, to 1.5°C
- 2) To limit the amount of GHGs emitted by human activity to the same levels that trees, soil and oceans can absorb naturally, beginning at some point between 2050 and 2100
- 3) To review each country's contribution to cutting emissions every five years so they scale up to the challenge
- 4) For rich countries to help poorer nations by providing "climate finance" to adapt to climate change and switch to renewable energy.

REDD+ activities, including: national forest monitoring systems required to estimate GHGs from forestry activities at COP 15 (Copenhagen); guidance on implementation of REDD+ activities, including national forest monitoring systems at the Cancun Agreements at COP 16 (Cancun); guidance for national strategies, national forest monitoring system (NFMS), forest reference emission levels/forest reference levels (FERLs/FRLs), and safeguard information system (SIS), and provisions for results-based finance and coordination of support in the Warsaw framework at COP 19 (Warsaw); and summaries of information on SIS² and guidance decision on REDD+ at COP 21.

2.3 In the Paris Agreement adopted at COP 21, the two paragraphs of Article 5 explicitly deal with forests and REDD+ recognizing their critical role as an integral part of global climate change actions. Paragraphs 1 and 2 read as follows:

1. *Parties should take action to conserve and enhance, as appropriate, sinks and reservoirs of greenhouse gases as referred to in Article 4, paragraph 1(d), of the Convention, including forests.*
2. *Parties are encouraged to take action to implement and support, including through results-based payments, the existing framework as set out in related guidance and decisions already agreed under the Convention for: policy approaches and positive incentives for activities relating to reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries; and alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, while reaffirming the importance of incentivizing, as appropriate, non-carbon benefits associated with such approaches.*

2.4 Paragraph 1 of Article 5 refers to land-use as dealt with under the UNFCCC, while Paragraph 2 refers to frameworks, decisions and guidance adopted over the years as they relate to forests, including REDD+. These two paragraphs integrate the complete forest-related legal framework as previously defined by the UNFCCC and the decisions adopted before COP 21.

2.5 The Paris Agreement's supporting "Decision 55" recognizes the importance of adequate and predictable resources as the basis, including for results-based payments for the implementation of REDD+. It also recognizes the importance of joint mitigation and adaptation approaches. Finance is encouraged from public, private, bilateral, or multilateral resources such as the Green Climate Fund.

2.6 Article 6 of the Paris Agreement creates a new carbon trading mechanism on a voluntary basis with the aim of contributing to the mitigation of greenhouse gas emissions and supporting sustainable development. This new carbon trading mechanism is to incentivize and facilitate participation in the mitigation of greenhouse gas emissions by public and private entities and to contribute to the reduction of emission levels in a host Party through mitigation activities which can then be used by another Party to fulfil its nationally determined contribution. It means that a developed country may be able to, through supporting actions to reduce deforestation in developing countries, use some of the emissions reductions from the developing country at home (Kane 2016).

2.7 Depending on the guidance to be adopted by the COP, the carbon trading mechanism may help to mobilize private finance for REDD+. Once the carbon trading mechanism begins, it is expected that countries generating REDD+ credits will likely have two options: keep the REDD+ credits to offset their own emissions from fossil fuels; or sell the REDD+ credits to countries that will use them to offset their emissions (Lang 2015). However, securing additional economic incentives to scale up REDD+ remains as the most critical

² COP 21 decision (17/CP.21) strongly encourages for developing country Parties, when providing the summary of information...to include the following elements, where appropriate:

- a. Information on national circumstances relevant to addressing and respecting the safeguards;
- b. A description of each safeguard in accordance with national circumstances;
- c. A description of existing systems and processes relevant to addressing and respecting safeguards, including the [safeguards] information systems...in accordance with national circumstances;
- d. Information on how each of the safeguards has been addressed and respected, In accordance with national circumstances;

challenge despite the commitments³ announced by Germany, Norway and the United Kingdom during the COP 21.

2.8 As of 10 September 2016, six ITTO producer countries have ratified the Paris Agreement and communicated their first nationally determined contributions (NDCs). Two ITTO producer countries have communicated their NDC before ratifying the Paris Agreement while four countries' NDCs have been confirmed through their intended nationally determined contributions (INDCs) submitted prior to joining the Agreement. Many other tropical countries will likely formulate NDCs by considering forest activities of conservation, restoration, and sustainable management of forests to achieve the targets.

3 Results-based payments for REDD+

3.1 Results-based finance is a cornerstone in the approach to REDD+, as outlined in the Paris Agreement (Wong et al. 2016). The Green Climate Fund (GCF), a financing institution within the UNFCCC, is expected to provide important funding for REDD+ as a follow-up to the decision of the 12th meeting of the GCF Board in March 2016. This meeting outlined a plan to operationalize the results-based payment aspect of REDD+ finance disbursement before the end of 2016 (Wong et al. 2016).

3.2 For results-based finance, several important concerns and recommendations emerged during the course of discussions: (1) scaling up and ensuring predictable financing for results-based actions of REDD+; (2) adequate financing for the readiness phases as a prerequisite for implementation of results-based actions; (3) a central role of the Green Climate Fund (GCF) and the private sector in the overall REDD+ finance architecture; (4) provision of information on how safeguards are addressed and respected is a requirement for receiving results-based finance; and (5) inclusion of non-carbon benefits of forests.

3.3 For the result-based payments for REDD+, countries are required to establish a REDD+ framework comprising four basic elements, namely: national strategy or action plan on REDD+; national forest monitoring system (NFMS); national forest reference emission levels/forest reference levels (FRELs/FRLs); and safeguard Information System (SIS) in accordance with the Cancun Agreements at the COP 16⁴.

3.4 With regard to national forest monitoring systems (NFMS), Decision of COP 19 in 2013 highlights the importance of establishing robust and transparent national and, if appropriate, sub-national, forest monitoring systems (NFMS) in accordance with the most recent IPCC guidance and guidelines. The main elements of the modalities for measuring, reporting and verifying (MRV) for FRELs/FRLs, safeguards and results-based actions are summarized in Annex 1. Data and information should be transparent and consistent over time with the established FRELs/FRLs. In addition, a technical annex should be provided when relevant data and information are submitted through the biennial update reports by Parties. A team of technical experts should analyze methodological consistency as well as data and information transparency, consistency, completeness and accuracy. Suggested elements for a technical annex include information on the assessed RELs/RLs expressed in tones of CO₂eq per year, the activities included, the forest area covered, date of the reference level submission, date of final technical assessment report and the period of the assessed reference levels. Annex 1 also summarizes the timing and frequency of presentations of the summary of information on the implementation of safeguards.

3.5 Annex 2 shows an overview of the submitted FRELs/FRLs for results-based payments for REDD+. Up to 10 September 2016, eleven ITTO producer countries have already submitted FRELs/FRLs. A technical assessment of FREL of the Amazon biome of Brazil has been completed and the others are either in the process of an international technical review assessment or will enter the assessment process soon. However,

³ *On the first day of the COP 21, Germany, Norway and the United Kingdom really stepped up with a big pledge, saying that during this five-year period before the agreement is put into effect in 2020, they intend to support countries that can reduce deforestation with up to US\$ 5 billion. They also wanted to send a signal that after 2020, they remain prepared to support REDD+ activities at the level of \$1 billion or more per year (Kane 2015).*

⁴ COP 16 Decision (1/CP.16) adopted under the Cancun Agreements in 2011 calls for developing country Parties to undertake the following activities:

- (a) Design a national strategy or action plan on REDD+
- (b) Establish a national forest reference emission level and/or forest reference level or, if appropriate, as an interim measure, sub-national forest reference emission levels and/or forest reference levels,
- (c) Design a robust and transparent national forest monitoring system for the monitoring and reporting of activities; and
- (d) Design a system for providing information on how the agreed social and environmental safeguards are being addressed and respected

factors such as reference scales (national/sub-national/verification project level), scope of activities (including control of deforestation/forest degradation and sustainable forest management), and measurable carbon pools/time periods differ from country to country. There is thus an increasing technical challenge to adjust and improve FRELs/FRLs for the post -2020 framework in a reliable and consistent way (Sanz 2016).

4. ITTO Experiences

4.1 In the context of promoting sustainable forest management (SFM) in the tropics, ITTO has continued to implement various activities to enhance the capacity of stakeholders in designing and implementing REDD+ actions. Such activities include: SFM related policy and project work in general, and the Thematic Programme on Reducing Deforestation and Forest Degradation and Enhancing Environmental Services (REDD+ES) in particular.

4.2 Under the Thematic Programme on REDD+ES, ITTO had implemented a total of 29 pre-projects, projects and activities, of which 13 had been completed and the others were being implemented as of November 2015. Main activities of these pre-project and projects were focused on: assessment of drivers for deforestation and forest degradation; review of policy, legal and institutional frameworks for creating enabling conditions; training in forest resources monitoring and reporting; and scaling up of best knowledge and practices from demonstration activities. Detailed information on the implementation of the Thematic Programme on REDD+ES is available under the Item 14 “Progress Report on the Implementation of the ITTO Thematic Programmes” of the Provisional Agenda of the ITTC at its Fifty-second session.

4.3 The many lessons learned from the completed REDD+ES projects and activities cover a broad range of designing and implementing policy issues at local, national, regional and international levels. In his review of the implementation of TFLET and REDD+ES Thematic Programmes, Markku Simula highlighted a key lesson learned as follows:

SFM is an important option to reduce emissions from deforestation and forest degradation provided that a set of preconditions are met related to availability of information, institutional support and provision of incentives. There is a close relationship between conservation and development; i.e. realizing sustained biodiversity conservation requires sustained community development, including in terms of economic benefits. Project strategies could benefit from three parallel interventions, i.e. strengthening of the institutional and community capacity, conservation and restoration of tropical forests for REDD+ and other environmental services, and improvement of local livelihoods.

Best practices from the implementation of the Thematic Programme on REDD+ES have promoted the role of ITTO as a partner in the implementation of REDD+ activities in ITTO producer countries by complementing the UN-REDD, FCPF and other REDD+ related initiatives in the thematic focus.

4.4 At the UNFCCC COP 21 (Paris, December 2015), the Secretariat shared knowledge and lessons from the implementation of the ITTO Thematic Programme on REDD+ES and restoration-related projects by organizing the following events:

- Side event on “REDD+ within INDCs: Governance lessons learnt from community forest management in tropics” co-organized with the Ministry of Environmental Conservation and Forestry, Myanmar; the Ministry of Environment and Forestry, Indonesia; the Forestry Administration, Cambodia; the World Resources Institute (WRI); and BirdLife International (BI). This event reviewed the role of REDD+ in the Intended Nationally Determined Contributions (INDCs) in selected countries and discussed the critical role of community forestry in the design and implementation of REDD+;
- A knowledge-sharing session of the 2015 Global Landscapes Forum, in which the World Resources Institute (WRI) presented case studies of Ghana, Indonesia and Mexico in assessing the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded Secondary Tropical Forests; and
- ITTO projects at the Indonesian Pavilion in UNFCCC COP 21: The ITTO project “Tropical forest conservation for REDD+ in the Meru Betiri National Park, Indonesia [PD 519/08 Rev.1 (F)]” highlighted the establishment of carbon and biodiversity monitoring systems under the 7&i Holdings Co. Ltd (Japan) sponsored public-private partnership; and the project “Model capacity building for efficient and sustainable utilization of bamboo resources in Indonesia [PD 600/11 Rev.1 (I)]” introduced the role of bamboos to support resilience to climate change and its potential to absorb carbon in Indonesia.

5. Conclusion

5.1 The explicit reference to forests and REDD+ in Article 5 of the Paris Agreement is an indicator of their importance in the Paris goal of holding the increase in the global average temperature well below 2°C above pre-industrial levels. In light of this development, the Paris Agreement is considered as a historic milestone for forests and REDD+ in international climate actions. In addition, there is also an increasing opportunity for the tropical forest sector to promote the sustainable use of wood-based products and bioenergy as fossil fuels phase out in the second half of this century as specified in Article 4 of the Paris Agreement.

5.2 To harness the role of tropical forests in addressing climate change mitigation and adaptation, it is important to integrate tropical forests into the development of countries' NDCs in line with Article 3 of the Paris Agreement calling for Parties' ambitious efforts to the global response to climate change. There is, therefore, a perceived need for increasing efforts to mainstream tropical forests in NDCs by recognizing the greater role of SFM in addressing climate change mitigation and adaptation challenges.

5.3 For enabling results-based payments for REDD+ in the tropics, significant efforts have been made to improve national strategies, national forest monitoring systems with construction of national or sub-national forest reference levels and safeguards systems. With continued improvements in the REDD+ framework in tropical countries, adequate funding at each phase is a key challenge and it is crucial to provide additional economic incentives to continue REDD+ progress through effective funding mechanisms by combining various financial resources. It is important to increase cooperation and consider enhancing the ITTO SFM efforts to strengthen the role of tropical forests in contributing to the implementation of the Paris Agreement in the years to come.

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Annex 1: Main elements of MRV system for FREL/FRL, safeguards and results-based actions

		FREL/FRL	Safeguards	Results-based actions
Measuring (M)		<ul style="list-style-type: none"> National or sub-national FREL/FRL (Forest Reference Emission Level/Forest Reference Level) Information on emissions, sinks, forest carbon stocks, forest area change 	<ul style="list-style-type: none"> forest governance, rights and full and effective participation of indigenous peoples and local communities, conservation of natural forests and biodiversity 	<ul style="list-style-type: none"> A national strategy or action plan FREL/FRL National forest monitoring systems (NFMS) Safeguards
Reporting (R)	Sub- mission	<ul style="list-style-type: none"> Biennial updated report (BUR) - a technical annex 	<ul style="list-style-type: none"> National communications, UNFCCC website 	<ul style="list-style-type: none"> Biennial updated report (BUR) Appropriate channels under the Convention – Information hub on UNFCCC website
	Content	<ul style="list-style-type: none"> The assessed FREL/FRL in CO²eq with date and period REDD+ activities Methodologies National forest monitoring systems 	<ul style="list-style-type: none"> Information on how all of the safeguards are being addressed and respected 	<ul style="list-style-type: none"> Technical report analyzing the technical annex Final report of TA Team Safeguards National strategy or action plan NFMS
	Timing	<ul style="list-style-type: none"> From Dec 2014 	<ul style="list-style-type: none"> Start of REDD+ activities 	<ul style="list-style-type: none"> From Dec 2014
Verifying (V)		<ul style="list-style-type: none"> Technical Assessment (TA: two experts from UNFCCC roster of experts) 	<ul style="list-style-type: none"> Int'l consultation and analysis 	<ul style="list-style-type: none"> Technical Assessment Int'l consultation and analysis (A team of technical experts)

Source: Decision of COP 19 (11/CP.19 – 14/CP.19)

Annex 2: Overview of submitted FRELs/FRLs for Results-based Payments for REDD+

Country	Date of submission	Agency	Scale	Area [M ha]	Scope of Activity	Period of FRELs/FRLs	FRELs/FRLs [M t-CO ₂ eq/yr]	FRELs/FRLs Construction Approach	Technical assessment (as of Feb 2016)
Brazil	June 2014	Ministry of the Environment, Ministry of Science, Technology and Innovation	S	419.7	Def	2006-2010	1.106.0	Average of historical emissions	Completed
						2011-2016	908.0		
Columbia	December 2014	Ministry of Environment, Columbia and Sustainable Development – IDEAM	S	45.9	Def	-	51.6	Average of historical emissions	underway
Congo	January 2016	National REDD Coordination (M of Forestry Economy and Sustainable Development)	N	23.5	Def, Deg	2000-2012	39.0	Average of historical emissions	
Costa Rica	January 2016	Ministry of Environment and Energy	S	5.1	Def, Enh	1996-2009	14.3	Average of historical emissions	
						2010-2025	4.0		
Ecuador	December 2014	Ministry of Environment,	N	24.9	Def	2000-2009	43.4	Average of historical emissions	underway
Guyana	December 2014	Ministry of Natural Resources and the Environment	N	21.5	Def, Deg	-	46.3	Average of deforestation rate of Guyana over the world	underway
Indonesia	January 2016	Ministry of Environment and Forestry	S	113.2	Def, Peat	2013-2020	568.9~593.3	Forest: Average of historical emissions Peat: Historical trend(increasing)	
Malaysia	December 2014	Ministry of Natural Resources and Environment	N	33.0	SMF	2006-2010	-183.6	Average of historical emissions/remove	underway
						2011-2015	-197.8		
Mexico	December 2014	National Forestry Commission (CONAFOR)	N	197.3	Def	2000-2010	44.4	Average of historical emissions	underway
Peru	January 2016	Ministry of Environment	S	78.3	Def	2015-2020	77.6~93.7	Historical trend(increasing)	
Viet Nam	January 2016	Ministry of Agriculture and Rural Development	N	33.0	Def, Deg, Enh	1995-2010	88.2	Average of historical emissions/remove	

[Scale] N: national, S: Sub-national, [Scope] Def: Avoiding Deforestation, Deg: Avoiding Forest Degradation, SMF: Sustainable Management of Forest, Aff: Afforestation, Enh: Enhancement of Forest Carbon Stocks

Adopted from Asada (2016) and UNFCCC's REDD+ WEB PLATFORM