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

[Item 13 of the Provisional Agenda]

1 Introduction

1.1 This document is a follow up on ITTC Decisions 2(XXXIX) and 1(XLI) requesting updated information on major developments in tropical forests 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 Forty-eighth Session of the ITTC in November 2012. Specifically, it summarizes the discussions in COP 18 of UNFCCC in Doha, Qatar, from 26 November to 8 December 2012 and the 38th session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI) in Bonn on 3-14 June 2013 including two workshops on results-based finance for the full implementation of REDD+ activities. The report also includes a section presenting REDD+ related activities undertaken by the Secretariat since November 2012.

2 REDD+ Decisions at COP 18 (Doha, 2012)

2.1 REDD+ has been one of the important parts of the international negotiations and discussions of UNFCCC since the Bali Action Plan of 2007 which provides a basis for subsequent negotiations on REDD+. The Copenhagen Accord (2009) recognizes the crucial role of REDD and the need to enhance sequestration of atmospheric carbon di-oxide by forests and agrees to provide positive incentives through the immediate establishment of mechanisms including REDD+. COP 16 of UNFCCC in Cancun in December 2010 provided guidance on safeguards for REDD+ and approved a SBSTA work programme on policy approach and positive incentives on issues relating to REDD+¹.

2.2 COP 18 of UNFCCC in Doha in December 2012 decided to develop a work programme on results-based finance for REDD+ in 2013 through the organization of two in-session workshops. The purpose of the work programme is to scale up and improve the effectiveness of REDD+ finance by reviewing ways and means (a) to transfer payments for results-based actions; (b) to incentivize non-carbon benefits; and (c) to improve the coordination of results-based finance.

2.3 COP 18 of UNFCCC also requested SBSTA and SBI at their 38th session in June 2013 to:

¹ COP 16 decision (1/CP.16) adopted under the Cancun Agreement in 2011 defines the scope of five REDD+ activities, namely (1) reducing emissions from deforestation, (2) reducing emissions from forest degradation, (3) conservation of forest carbon stocks, (4) sustainable management of forest, and (5) enhancement of forest carbon stocks. The decision also 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

- initiate a process for improving coordination of support for REDD+ implementation and provide adequate and predictable support, including financial resources and technical and technological support, to developing country Parties.
- consider “existing institutional arrangements or potential governance alternatives including a body, a board or a committee”.

2.4 In addition, COP 18 requested SBSTA to:

- consider how non-market-based approaches, such as joint mitigation and adaptation for the integral and sustainable management of forests could be developed.
- initiate work on methodological issues related to non-carbon benefits.

3 REDD+ methodological guidance by SBSTA at its 38th Session in June 2013

3.1 In accordance with the decisions of COP 18 in Doha in December 2012, SBSTA 38 in June 2013 reviewed various methodological guidance for the development and implementation of REDD+ activities. Three subjects such as national forest monitoring, timing and frequency of reporting on safeguards and addressing drivers of deforestation and forest degradation were recommended for adoption by COP 19 in November 2013 while the subjects of (i) measuring, reporting and verifying and (ii) forest reference emission levels and/or forest reference levels were identified for final review at SBSTA 39 in November 2013 for possible adoption by COP 19. The subjects of (i) safeguards, (ii) non-market-based approaches and (iii) non-carbon benefits are scheduled to be reviewed at SBSTA 40 or SBSTA 41 in 2014.

A. REDD+ decisions to be adopted by COP 19 in November 2013

3.2 SBSTA has made recommendations for adoption by COP 19 on modalities for national forest monitoring systems: the timing and frequency of presentations on the summary of information on how all of the safeguards referred to in decision 1/CP.16, appendix I², are being addressed and respected; and addressing the drivers of deforestation and forest degradation as follows:

i. National forest monitoring systems (NFMS)

3.3 Establish robust and transparent national and, if appropriate, sub-national, forest monitoring systems (NFMS) in accordance with the most recent IPCC guidance and guidelines. The NFMS should use a combination of remote sensing and ground-based forest carbon inventory approaches and provide estimates that are consistent, as far as possible accurate, and reduce uncertainties.

3.4 The NFMS should provide data and information which are transparent, consistent over time, and suitable for measuring, reporting and verifying anthropogenic forest-related emissions by sources and removals by sinks, forest carbon stocks, and forest carbon stock and forest-area changes resulting from the implementation of REDD+ activities. The NFMS should also build upon existing systems; enable the assessment of different types of forest in the country, including natural forest; be flexible and allow for improvement; and take into account the fact that REDD would be implemented in a phased approach³.

² The safeguards specified in decision 1/CP.16, appendix I include:

- Transparent and effective national forest governance structures, taking into account national legislation and sovereignty
- Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the UN General Assembly has adopted the UN Declaration on the Rights of Indigenous Peoples
- The full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities
- Actions are consistent with the conservation of natural forests and biological diversity, ensuring that the actions are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits

³ COP 16 decision recognizes the need for implementing a three-phased approach to REDD+. Phase I highlights the importance of developing national REDD+ strategies and action plans as a first priority through multi-stakeholders' consultations by addressing drivers of deforestation and forest degradation, land tenure issues, forest governance issues, and the social and environmental safeguards. Phase II will focus on capacity building by implementing national REDD+ action plans developed under Phase I. Result-based payments will be made in Phase III.

- ii. *The timing and frequency of presentations of the summary of information on implementation of safeguards*

3.5 Begin to provide the summary of information on how social and environmental safeguards are being addressed and respected through national communications or communication channels, including via the Web Platform of the UNFCCC.

- iii. *Addressing drivers of deforestation and forest degradation*

3.6 The importance of cross-sector coordination in the context of the development of national strategies or action plans should be recognized in addressing drivers of deforestation and forest degradation. Parties, organizations and the private sector should be encouraged to take action to reduce the drivers of deforestation and forest degradation and to share the results of their work including via the Web Platform of the UNFCCC website.

B. Possible REDD+ decisions to be adopted at COP 19 and COP 20

Measuring, reporting and verifying (MRV)

3.7 SBSTA has agreed to continue its work on methodological guidance for MRV with the aim of completing this work at its 39th session (November 2013) with a draft decision to be adopted by COP 19 (November 2013). Main guidance on MRV includes consistency with the methodological guidance provided in decision 4/CP.15, and MRV guidance on nationally appropriate mitigation action (NAMA⁴). Data and information should be transparency and consistency over time with the established RELs and/or RLs and a technical annex should be provided when submitting relevant data and information through the biennial update reports by Parties. A technical team of experts should analyze methodological consistency and data and information's transparency, consistency, completeness and accuracy. Suggested elements for a technical annex include information on the assessed RELs/RLs expressed in tones of CO₂e 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.

Forest reference emission levels and/or forest reference levels (RELs/RLs)

3.8 SBSTA has agreed to continue its work on guidance for the technical assessment of the proposed RELs/RLs, with the aim of completing this work at its 39th session for a draft decision to be adopted by COP 19. SBSTA has recommended that each submission should be subject to a technical assessment of data, methodologies, assumptions and procedures used in the construction of the RELs/RLs. Guidelines for the technical assessment of submissions from Parties on proposed forest RELs/RLs include assessing the consistency, transparency, completeness, and accuracy of the information provided, a description of relevant policies and plans, and pools and gases and activities to be included in RELs/RLs.

Safeguards

3.9 In addition to recommendations on the timing and frequency of presentations of the summary of information on the implementation of safeguards, SBSTA has agreed to consider, at SBSTA 41 (December 2014), the need for further guidance on the implementation of safeguards, taking into consideration the experiences and lessons learned from the development of systems for providing information on how all the safeguards are being addressed and respected and how the challenges are being faced.

Non-market-based approaches

3.10 SBSTA has noted the importance of non-market-based approaches, such as joint mitigation and adaptation approaches, for the integral and sustainable management of forests, to support the implementation of the REDD+ activities. SBSTA has further noted the need for clarity on the types of non-

⁴ COP 17 in Doha (2012) agreed to develop a work programme to further the understanding of NAMAs as currently proposed. The growing number of NAMAs seeking support suggests their capacity to attract climate finance for low-carbon economic development. Regional workshops, one each in Asia Pacific, Africa and Latin America were organized by UNFCCC in 2013 to facilitate understanding and implementation of NAMAs across the developing world. A NAMA Facility for funding support to transformational NAMAs and a NAMA Partnership for creating a support system have been set up.

market-based approaches and invited Parties and admitted observer organizations to submit UNFCCC Secretariat, by 26 March 2014, their views on methodological guidance for non-market-based approaches for consideration at its 40th session (June 2014).

Non-carbon benefits

3.11 SBSTA has agreed that it is important to take into account non-carbon benefits when implementing the REDD+ activities. SBSTA has further agreed that clarity is needed with regard to the types of non-carbon benefits and associated methodological issues. SBSTA has decided to continue its consideration of methodological issues related to non-carbon benefits at its 40th session (June 2014).

C. In-Session Workshops relating to REDD+ in SBSTA at its 38th Session in 2013

Workshops on "Results-Based Finance for the Full Implementation of REDD+ activities"

3.12 Based on the decision of COP 18 on a work programme on results-based finance in 2013, two workshops on Results-Based Finance for the Full Implementation of REDD+ activities were held. The first workshop was held on 10 June while the second workshop on 21-22 August 2013 in Bonn, Germany.

3.13 The main discussions of the first workshop included: requirements for scaling up and ensuring predictable financing for results-based actions of REDD+ and that financing must be new, additional, predictable, sustainable and equitable access; barriers faced by developing countries to access finance; and best practices supported by strong and consistent policies and clear legal frameworks in a more holistic approach to the sustainable management of forests, including both mitigation and adaptation aspects.

3.14 The second workshop discussed ways and means to transfer payments; to improve the coordination of results-based finance; to incentivize non-carbon benefits; and key elements for consideration in the design of an architecture for results-based financing for the full implementation of actions relating to REDD+. Discussions of this workshop covered principles for finance architecture, recognition of a central role that the Green Climate Fund (GCF) could have in the overall REDD+ finance architecture; recognition of the importance of adequate financing for the readiness phases as a prerequisite for implementation of results-based actions; and recognition that provision of information on how safeguards are addressed and respected is a requirement to receive results-based finance, and that such information could be included in the information hub.

Workshop on "Coordination of support for the implementation of activities in relation to mitigation actions in the forest sector by developing countries, including institutional arrangements" (7 June 2013, Bonn)

3.15 A key recognition drawn in the workshop is that the existing financing avenues for REDD+ activities need improved coordination at all levels (donors, national, organizational) to ensure the effectiveness and best possible use of available resources. Four options for coordination were identified namely, using existing systems and enhance the coordination using the REDD+ Partnership; making use of the UNFCCC process; establishing a new body or committee under the guidance of the COP; and making progress toward coordination of REDD+ financing under the Green Climate Fund (GCF).

4 ITTO Experiences

4.1 ITTO has continued to implement various activities to enhance the capacity of stakeholders in the design and implementation of REDD+ actions in the context of promoting sustainable forest management in the tropics. These activities include the implementation of the REDDES Thematic Programme, the facilitation of REDD+ feasibility studies in Central Kalimantan, Indonesia and a public-private partnership on REDD+ in Java, Indonesia.

Progress in the implementation of the REDDES Thematic Programme

4.2 Under the Thematic Programme on Reducing Deforestation and Forest Degradation and Enhancing Environmental Services (REDDES), many activities are underway including: 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.

4.3 Ongoing ITTO projects on the assessment of deforestation and forest degradation and environmental services provided by tropical forests include:

- Reducing Emissions from Deforestation and Forest Degradation through Collaborative Management with Local Communities in Ghana [RED-PD 026/09 Rev.1 (F)]
- Monitoring deforestation, logging and land use change in the Pan Amazonian Forest – PANAMAZON II [RED-PD 029/09 Rev.1 (F)]
- Reducing forest degradation and emissions through sustainable forest management (SFM) in Peninsular Malaysia [RED-PD 037/11 Rev.2 (F)]
- Capacity building for developing REDD+ activities in the context of sustainable forest management in Myanmar [RED-PD 038/11 Rev.3 (F)]
- Environmental assessment and economic valuation of ecosystem services provided by coastal forests and their agricultural replacement systems on the central coastal plain of Veracruz, Mexico [RED-PD 045/11 Rev.2 (M)]
- Developing REDD+ES in the Brazilian Atlantic Rain Forest [RED-SPD 058/11 Rev.2 (F)]
- Promoting local community initiatives on the rehabilitation of mangrove ecosystems in Bintan Island to reduce further deforestation and forest degradation [RED-PD 064/11 Rev.2 (F)]
- Quantifying the carbon benefits of ITTO projects [RED-PA 069/11 Rev.1 (F)]
- Strengthening of governance and sustainable management of mangrove ecosystems in Guatemala as a climate change adaptation measure [RED-SPD 079/12 Rev.1 (F)]

4.4 More information on the implementation of these projects is available under the Item 12 “Progress Report on the Implementation of the ITTO Thematic Programmes” of the Agenda of the ITTC at its Forty-eighth session. Best practices emerging from the implementation of such projects will promote the role of ITTO as a key partner in the implementation of REDD+ activities in ITTO producer member countries.

Side Events by the ITTO Secretariat at COP 18 of UNFCCC

4.5 At COP 18 of the UNFCCC (Doha, December 2012), three events were organized by ITTO to share experiences and lessons from the implementation of the ITTO Thematic Programme on REDDES and restoration-related projects and activities.

- Side event on “What can National Forest Monitoring Systems do?: Development of NFMS and MRV systems for REDD+” co-organized with the Forestry and Forest Products Research Institute of Japan (FFPRI) and Japan International Cooperation Agency (JICA)
- Discussion Forum on “Forest Landscape Restoration (FLR) – Enhancing More Than Carbon Stocks” on Forest Day 6 organized in collaboration with IUCN on 2 December. Key points raised in the forum include: momentum for FLR is growing with the work of the GPFLR, the Bonn Challenge and IUCN’s Plant a Pledge campaign helping to promote interest and involvement; FLR has great potential to contribute to reducing poverty, sustainable development, and carbon sequestration; proven techniques are available for FLR, and many positive examples already exist; people have to be involved in FLR, especially people living in or around forests; need for better national data and political will at national level; and FLR should be part of a package towards SFM
- Organization of a side event under theme “REDD+ MRV: capturing benefits from community forest management in the tropics” in collaboration with UNU-IAS, REDD+ Research and Development Center, JICA and Rainforest Alliance.

ITTO Facilitation for the implementation of REDD+ Feasibility Study in Central Kalimantan, Indonesia

4.6 ITTO has continued facilitating the conduct of a REDD+ feasibility study in Indonesia carried out by the Marubeni Corporation under the Joint Credit mechanism (JCM) between the Governments of Indonesia and Japan. In order to establish a cooperation framework, the Japanese Ministry of Economy, Trade and Industry as well as the Ministry of the Environment have been undertaking various feasibility studies on GHG emission reduction projects and accumulating experience and expertise from each case study. The Katingan Peatland Restoration and Conservation Project (Katingan Project), located in a tropical peat swamp forest in Central Kalimantan, Indonesia, is one of the case studies on developing REDD+ instruments under the JCM since 2010.

4.7 The REDD+ feasibility study 2012 consisted of two key components – the application of carbon MRV and the implementation of social safeguard programmes. A new detailed land cover and forest stratification of the Katingan Project site was developed, followed by a rigorous analysis of carbon stocks and the estimation of net emission reductions from the project site. This study led to the development of a new forest stratification system for the Katingan Project site. The area covers on distinctive ecosystems consisting of peatland (96%), heath (2.8%), and freshwater swamps (1.2%). Within each ecosystem, forest strata were determined based on vegetation density by using a combination of optical satellite imagery (RapidEye, Landsat and Alos Aster) and radar image data (Alos Palsar). With regards to the implementation of local safeguards, the study applied the guidance of REDD+ safeguards stipulated in the Annex I to the Cancun Agreement as well as the emerging principles and criteria on safeguards developed within the UN-REDD.

Public-Private-Partnership on REDD+ in Meru Betiri National Park, Java, Indonesia

4.8 With the financial support of 7&i Holdings Co. Ltd. of Japan, ITTO has established a public-private partnership on REDD+ in the Meru Betiri National Park (MBNP), Java with the Ministry of Forestry of Indonesia through the Forestry Research and Development Agency (FORDA) in collaboration with many local stakeholders including LATIN (local NGO) and Jember University. The preparation of a REDD+ Project Design Document (PDD) from this partnership is in progress in accordance with the guidance of the Verified Carbon Standards (VCS) and the Climate, Community and Biodiversity Alliance (CCBA). The local communities have been assigned the critical role of measuring and monitoring forest carbon stocks.

5 Conclusion

5.1 At its 38th session in June 2013, SBSTA has made a number of key recommendations for the development of REDD+ methodological guidance for the consideration of COP19. Consequently, there are increasing capacity building needs in the REDD+ readiness phase as follows:

- In the area of MRV and RELs/RLs, one key area for support is enhanced capacity for the identification of drivers of deforestation and forest degradation resulting in emissions and the means to address such emissions as well as estimation of carbon stocks and emission reductions through improved national forest monitoring systems.
- Further guidance is also needed for methods and approaches on how to efficiently and reasonably estimate future emissions from limited data and information on historical deforestation rates and deforestation drivers.
- Fair and equitable benefits sharing as one of the key preconditions under REDD+: a clear legal framework for forest tenure and carbon rights is vital to such benefit systems. In addition to benefit sharing mechanisms arrangements at the national and subnational level, community-level arrangements and support are essential.

5.2 A work programme on results-based finance for REDD+ has been discussed with many inputs at SBSTA 38 and it will be an important agenda to be considered at the AWG-LCA in COP 19 in Warsaw, Poland in November 2013. Finding an appropriate provision of result-based finance for REDD+ will be critically important to support the full implementation of REDD+.

5.3 Moving forward, with the aim of scaling up tropical forests' contribution to global GHG emission reductions through REDD+, it is essential to enhance the ITTO Thematic Programme on REDDES and REDD+/SFM partnerships.

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