

## REDD workshop highlights need for equitable access and scaled up finance

London, 11 July (Kate Dooley) – A workshop on coordination of support for reducing emissions from deforestation and forest degradation and other forest related activities (REDD +) was held on June 7, in Bonn, Germany, during the climate change meetings of the subsidiary bodies.

Decision 1/CP.18, paragraph 35, requested the Subsidiary Body on Scientific and Technical Advice (SBSTA) and the Subsidiary Body on Implementation (SBI) to jointly initiate a process on the need to improve the coordination of support for the implementation of REDD+ activities, and to provide adequate and predictable support, and to consider existing institutional arrangements or potential governance alternatives including a body, a board or a committee.

The workshop was Co-chaired by Keith Anderson (Switzerland) and Madeleine Diouf Sarr (Senegal), who outlined the objectives of the workshop - for Parties to engage in in-depth discussions on the challenges of the coordination and function of support; institutional arrangements including the use of new and/or existing institutions; and to consider concrete proposals for key elements of coordination of support for REDD+ action.

Discussions were wide-ranging, with the many countries, including the Democratic Republic of Congo and Burkina Faso, noting that fragmentation of funding and diverse methodologies and different funding procedures were a serious concern, restricting access to the REDD+ mechanism.

Many other countries, including Ghana, Fiji, Cameroon, and the Republic of Congo outlined difficulties in accessing REDD finance, with Mexico, Brazil and others saying the inequity in

the geographical distribution of REDD+ financing needs to be addressed.

Countries were divided on whether the solution to this was to streamline existing institutions to disburse readiness finance and move countries closer to performance payments (the latter proposed by Norway), to create a centralised institution to coordinate payments (as proposed by Papua New Guinea [PNG], Guyana, Association of Southeast Nations [ASEAN], and Fiji), or to re-evaluate the methodologies and incentive structure of REDD to diversify performance based payments (as suggested by Cameroon and Burkina Faso).

While Brazil outlined a proposal for REDD+ results based finance architecture through the Green Climate Fund (GCF) which addressed distributional concerns, the European Union suggested multiple finance channels available for REDD+ provide the advantage of not being coordinated; countries can choose which channel best fits with their national circumstances

The workshop began with presentations from four countries: PNG; the United States; Brazil and the Philippines.

**PNG** gave a presentation which highlighted the significant loss of credibility of REDD+ due to a lack of tangible actions, stating that existing funding mechanisms are not working, due to gaps in coordination, coherence and common standards.

The presentation showed that there was confusion amongst recipient countries as to the different requirements for REDD+, which includes measuring, reporting and verification (MRV) and reference levels, as well as reporting and verification through International Consultation and Analysis (ICA), and Safeguards

Information Systems (SIS) systems, all of which will be reviewed by different bodies.

PNG suggested that a REDD+ Committee was therefore needed as the relevant institution under the Convention to provide a central coordinating role to the various reporting and financing channels for REDD+. PNG pointed to the Standing Committee on Finance and the Adaptation Committee as successful examples of issue specific institutions under the UNFCCC.

The US outlined that REDD+ is currently being financed via multiple channels, with a variety of activities, presenting a challenge for both implementing countries and donors. The question should therefore be “how do we ensure that support contributes effectively to implementing coherent national REDD+ strategies?” rather than what are the barriers and functions for the coordination of support.

The US pointed to a joint statement from 5 donor countries to enhance coordination to show that the issue of coordination of support was being addressed, as well as the work the US has done on the ground with different countries to identify gaps and provide appropriate support, and the voluntary REDD+ database which helps voluntary coordination, saying that there is a challenge of disbursement, with funding not reaching the ground due to weak capacity. It pointed out that REDD+ relates to national strategies and programmes, and there is not one approach to do REDD+, with each country choosing the approach that works for them.

The US suggested that the technical functions for a new body are already being fulfilled with finance pledges, meetings and workshops to exchange views. It encouraged countries to develop national strategies which help to identify gaps and financing priorities. It concluded that there is a need to create confidence in REDD+ to succeed.

**China and Guyana** questioned the reference to weak capacity, saying that this is actually a result of lack of support, and **Guyana** questioned the capacity of the subsidiary bodies to fulfill the role of REDD+ coordination given the current agenda overload.

**Brazil** noted that this discussion is interlinked with the workshop on results based finance for REDD+. It noted that the current multi-lateral and bilateral partnerships outside the UNFCCC are fundamental in building capacity for

REDD+, and have been directly supporting readiness, with no carbon aspect associated with these phases. Brazil said that the innovative part of REDD+ is the third phase, which must be kept as the focus, as it is the ex-post results based payments which differentiates REDD+ from ODA.

Brazil identified the barriers to coordination of support as the lack of definition on the design of a way to transfer payments to developing countries, based on mitigation results already achieved, saying that it hoped to define the results based payments architecture under the Convention this year.

Brazil then outlined its proposal for a results based payments architecture, as presented in their submission. This submission is based on the principles of adequate and predictable support; environmental integrity and simplicity. The submission suggests that all REDD+ finance is channeled through the GCF, with 3 disbursement modalities:

- (a) ex-ante financing for phase 1 and 2 activities
- (b) ex-ante finance to private sector and other actors for the implementation in developing countries of projects that contribute to phase 1 and 2 activities.
- (c) ex post grants to developing countries based on carbon results

Brazil emphasized that modalities (a) and (b) mean countries present a proposal, but with modality (c), countries present what they have already done, with redistribution of results based revenue to be decided at the national level.

(Parties in Cancun agreed that activities in relation to REDD+ should be implemented in phases, (1) beginning with the development of national strategies or action plans, policies and measures, and capacity-building, (2) followed by the implementation of national policies and measures and national strategies or action plans that could involve further capacity-building, technology development and transfer and results-based demonstration activities, and evolving into (3) results-based actions that should be fully measured, reported and verified).

Brazil suggested that this architecture would allow for an equitable disbursement of grants, rather than proportional distribution. If the GCF does not have enough resources to pay for all results, countries must agree on an architecture where all countries receive a fair share. Modality

(c) therefore refers to a proportion of finance for results based on equitable distribution, and does not refer to finance based on tonnes of carbon per year.

Brazil related this to the Amazon Fund example, where they suggested that if they had received \$5 per tonne of carbon credits produced since 2004, they would be owed \$25 billion. An alternative to payments per tonne of carbon was therefore needed to achieve the ultimate objective of REDD+, which is positive incentives for mitigation of emissions from deforestation, degradation and other activities in the forest sector.

**Norway** questioned the feasibility of the GCF being the only channel for REDD+ finance, suggesting double payment problems if payments were not tied to tonnes carbon.

**Guyana** questioned on what basis will equitable distribution be done, if not based on tonnes of CO<sub>2</sub>, suggesting this might lead to less emissions reductions if people are not positively incentivized to produce tonnes CO<sub>2</sub> equivalent.

**Dominica** asked if (a) and (b) would also be distributed equitably, to which Brazil responded that equitable distribution is for modality (c); (a) and (b) would be distributed on a needs basis. Brazil suggested there should be a minimum payment for countries no matter how big or small results are.

The **Philippines** then gave a presentation on behalf of ASEAN, suggesting the need to improve the coordination of support for the implementation of REDD+, and to improve transparency, facilitate disbursement of funds and identification of gaps and overlaps in support.

The Philippines said that coordination needs improving at both national and international levels, to facilitate equitable access to support by developing countries and to reduce the mismatch between needs, and the support provided.

Improved coordination also facilitates knowledge exchange and experience sharing among REDD+ countries. The Philippines suggested that an interim arrangement would be the best option at this time, such as the UNFCCC Secretariat to coordinate support on an interim basis, with national level mechanisms in place for coordination of support within REDD+ countries.

It said that expectations were often set quite high for developing countries, but support does not match those expectations. It said that ASEAN is open to exploring potential governance alternatives, including a body, a board or a committee, but that the roles and functions, including financial implications of such institutional arrangements should first be defined.

**Indonesia** suggested that a registry for REDD+ activities would be needed at the international and national levels to track both support and actions, provide transparency and contribute to avoiding double counting and reporting of support and actions.

Responding to questions from **Colombia, Japan** and **Brazil** on the registry, the **Philippines** suggested that a central platform for sharing information would help avoid double counting, avoiding duplication and providing one channel through which everyone can check. The Secretariat would act as a central hub of information, to increase transparency.

**Co-chair Anderson** then opened the floor to Parties for discussion.

**Ghana**, on behalf of the **African Group** said that coordination of support, especially for phases 1 and 2 is a key issue for the Africa Group this year, saying that support for phases 1 and 2 is a question of whether African countries get to phase 3. Ghana stated that REDD+ is not just mitigation but also about enhancing non-carbon benefits, and existing arrangements are not working; support is difficult to access, requires cumbersome processes and is inadequate. It requested a contact group or informal group to be established on this agenda item, with appropriate time to fully discuss the issue. It outlined the primary objective as finding a solution which meets the following criteria:

- (d) Aligning fragmented institutions
- (e) Simplifying the process of securing support
- (f) Scaling up support
- (g) Enabling equitable distribution of support

Ghana said that if current approaches to REDD+ are maintained, we risk replicating the Clean Development Mechanism (CDM) experience, which will not contribute to emissions reductions.

**Cameroon, Burkina Faso, Fiji the Republic of Congo the Democratic Republic of Congo and Togo** supported Ghana, with Cameroon suggesting that REDD+ is losing all credibility with carbon at less than \$1 a tonne.

All of these countries raised concerns over the geographical distribution of existing REDD+ funds, with **Cameroon** saying that the second largest tropical forest in the world is receiving very little support from REDD+, and **Fiji** and the **Republic of Congo** saying that they could not access multilateral finance for REDD+ due to the complexity of the funding process, with **Fiji** supporting the establishment of a central institution to provide oversight, while the **Republic of Congo** called for rules to be developed for REDD+ to ensure consistency with the Convention, in terms of the provision of support.

**Guyana** suggested that the multiplicity of REDD+ institutions is the cause of the current problem – with no central coordination system to provide consistency.

**Burkina Faso** agreed on the need to streamline finance sources in a coherent manner, based on geographical balance and adequate funding. The **Philippines** said that REDD+ is a question of governance, and we need to concentrate on the support and policy reforms which need to be put in place to allow for better governance.

**Indonesia**, speaking for **ASEAN**, suggested that bilateral agreements at the regional level can streamline coordination of support.

**Norway** took the view that the problems of slow disbursement of readiness funds and slow progress for REDD+ will be solved by looking at existing institutions and strengthening how existing institutions work. It said we need to strengthen existing institutions, as well as have a parallel body in the GCF. It suggested focusing on real issues, such as how to ease the flow of REDD+ readiness funds, and how to mobilise finance for results based payments for REDD+

**Mexico** also thought it was important to build on the institutional arrangements already in place. It suggested a package of guidance to move forward with implementation and with results based payment, saying that discussions around new body at this stage may distract from completing the methodological package.

**Colombia** expressed support for Mexico, Brazil and others, saying that coordination is not just

about effectiveness and disbursement but also about equity – which includes the geographical distribution of REDD+ funding and the capacity to absorb finance. It referred to the plethora of existing institutions, saying that these should be coordinated, and that the Standing Committee on Finance was tasked to coordinate finance, and improving coordination in the delivery of climate change finance should include biennial assessment of climate finance flows. It said the main goal for Warsaw should be to develop modalities for transferring results based payments to developing countries.

The **EU** felt that there was a broad consensus that improving the coordination of support is important. It said it views coordination at different levels – both national and international, and that there were many important initiatives outside the REDD+ community, such as those on addressing the drivers to deforestation. It saw a need therefore to coordinate between REDD+ and other activities, such as the EU REDD+ facility. It suggested that the multiple finance channels available for REDD+ provide the advantage of not being coordinated – countries can choose which channel best fits with their national circumstances. It emphasized that once all SBSTA issues were agreed, the full package of methodological guidance for REDD+ would be ready, which would enhance coordination.

**Burkina Faso**, supported by **Togo**, pointed out that there is a divide between the poorer forested countries who believe the current mechanism is not working, saying there are a number of countries who are dealing with these issues and need better access to finance. Throwing cold water on the idea of a coordinating body does not allow many countries to reap real benefits from REDD+

The **DRC**, expressing support for Ghana, PNG, Guyana and Congo, said that REDD+ is an opportunity for mitigation under the Convention, but also for finding solutions to address the drivers of deforestation. It suggested that addressing the drivers related mostly to socio economic activities and country development, which required more financial support, but the current institutional arrangements do not facilitate this. It suggested REDD+ needs simple and flexible criteria, to streamline support and increase support for capacity building.

**Uganda** suggested that coordination, which is not institutionalised, is voluntary, and there was a need to move towards institutionalized coordination to address funding gaps.

**Co-chair Anderson** concluded the session, with Thailand, Liberia and Australia still on the list. He thanked Parties and suggested that if the SBI

agenda was adopted it would be possible to look at having a contact group in the next week.

(The SBI agenda was not adopted, to due to wrangling over the agenda following a proposal by Russia, Belarus and Ukraine to add a new agenda item. The SBI was not able to commence work in the two weeks of its session in Bonn).