



SUBMISSION BY IRELAND AND THE EUROPEAN COMMISSION ON BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES

This submission is supported by Albania, Croatia, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Montenegro and Serbia.

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Subject: Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (SBSTA/SBI)

This submission sets out the EU views on issues of adequate and predictable support for the implementation of REDD+ activities, including financial resources and technical and technological support, and institutional arrangements to improve the coordination of this support, as per the invitation contained in paragraph 36 of UNFCCC Decision -/CP.18 (Agreed outcome pursuant to the Bali Action Plan)¹.

The key messages from the EU are:

- **REDD+ is important in the context of the 2-degree target, both in closing the pre-2020 mitigation gap and also progress beyond 2020, as well as the full realisation of environmental and socioeconomic co-benefits.**
- **We aim to contribute to the successful completion of the ambitious REDD+ work programmes in 2013. The amount of work and fragmentation of REDD+ related issues across the different work programmes means we need to prioritise our work.**
- **Finalising the methodological guidance under the SBSTA is an immediate priority that will provide clear signals for the implementation and mobilisation of support for REDD+.**
- **The EU provided significant support for REDD+ during the fast-start period and will continue to provide support after 2012. As public support alone will be insufficient for result-based actions, UNFCCC decisions should facilitate increased involvement of the private sector, including the need to address the drivers of deforestation and forest degradation.**
- **The coordination of support for REDD+ initiatives is best served through improving existing arrangements rather than through creating new structures.**

¹ The EU has outlined views on some of other aspects of the work programmes in previous submissions from Poland contained in FCCC/SBSTA/2011/MISC.7 and from Denmark contained in FCCC/SBSTA/2012/MISC.1.

- **The joint SBSTA/SBI process should result in recommendations on enabling environments for REDD+ support and on how finance for REDD+ and the coordination of support for REDD+ should inform and relate to the general UNFCCC work on long-term finance. These recommendations should include how existing institutional arrangements could address the need to improve the coordination of support for REDD+ and to provide adequate and predictable support for REDD+.**

Organising work in 2013

The EU had hoped for a stronger outcome on the development of technical guidance and on modalities and procedures for financing results-based actions in Doha. However, we appreciate the agreement with respect to further work in 2013 on policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (for the purpose of reader-friendliness abbreviated in the following as “REDD+”). The EU believes that the completion of methodological guidance should be the immediate priority and appreciate that the work programme under the Conference of the Parties (COP) should give greater political focus to REDD+ in 2013.

The EU sees the new areas of work listed in the Doha outcome in combination with the areas of work not completed in 2011 and 2012. We understand that the COP and its subsidiary bodies are expected to make progress in 2013 on the following aspects of REDD+:

Item	Work-stream	Initial mandate	Recall mandate
Methodology-related items			
a) Modalities for national forest monitoring systems	SBSTA	Cancun agreements (§b of Appendix II of decision 1/CP.16)	SBSTA37 conclusions (§2 of FCCC/SBSTA/2012/L.31)
b) Measuring, reporting and verifying anthropogenic forest-related emissions and removals	SBSTA	Cancun agreements (§c of Appendix II of decision 1/CP.16)	SBSTA37 conclusions (§2 of FCCC/SBSTA/2012/L.31)
c) Guidance for the technical assessment of the proposed reference levels	SBSTA	Durban outcome (§15 of Decision 12/CP.17)	SBSTA 36 conclusions (§23 of FCCC/SBSTA/2012/2)
d) Timing and frequency of presentations of the summary of information on safeguards + Further guidance for informing on safeguards	SBSTA	Durban outcome (§5 and 6 of Decision 12/CP.17)	SBSTA 36 conclusions (§23 of FCCC/SBSTA/2012/2)

Finance/institution-related items				
e)	Modalities and procedures for financing results-based actions / Ways and means to transfer payments for results-based actions	COP work programme	Durban outcome (§69 of Decision 2/CP.17)	Doha outcome (§29a of Decision 1/CP.18)
f)	Ways to improve the coordination of results-based finance / Improve the coordination of support and consider existing institutional arrangements or potential governance alternatives	COP work programme + Joint SBSTA/SBI work programme	Doha outcome (§29c and §35 of Decision 1/CP.18)	
g)	How non-market-based approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, could be developed	SBSTA	Doha outcome (§39 of Decision 1/CP.18)	
Other items				
h)	Addressing drivers of deforestation and forest degradation	SBSTA	Cancun agreements (§72 of decision 1/CP.16, §a of Appendix II of decision 1/CP.16)	SBSTA36 conclusions (§22 of FCCC/SBSTA/2012/2)
i)	Methodological issues related to non-carbon benefits + Ways to incentivise non-carbon benefits	SBSTA / COP work programme	Doha outcome (§29b and 40 of Decision 1/CP.18)	

The EU will continue to contribute to the **successful and timely completion of this ambitious work programme in 2013**. But we are concerned by the **amount of work and fragmentation of REDD+ related issues across different work streams**. While essential decisions were already made in past conferences, there is a need to prioritise and focus our work in 2013 to complete the REDD+ rulebook. This will give more clarity to governments, the private sector, civil society actors and international organisations.

We see **the finalisation of the methodological guidance for REDD+** (items *a*, *b*, *c* and *d* from the table above) as immediate priority providing clear signals for implementation and the mobilisation of support. Parties captured much progress on items *a* and *b* (modalities for national forest monitoring systems and measurement, reporting and verification (MRV) of anthropogenic forest-related emissions and removals) in 2012, as contained in the annex to SBSTA37 conclusions on REDD+ (FCCC/SBSTA/2012/L.31). The EU sees these as relatively mature considerations and near ready for a COP19 decision. Items *c* and *d* (guidance for the technical assessment of the proposed reference levels and for provision of information on safeguards) have had less focus and will require detailed consideration at SB38 in order prepare for a COP19 decision on these matters.

Concerning the need to provide adequate and predictable support for the implementation of REDD+ activities, including financial resources and technical and technological support

Following the invitation contained in Decision 2/CP.13 and reiterated in Decisions 2 and 4/CP.15, contributor countries have provided support for REDD+ activities through a range of bilateral and multilateral channels. This support has complemented resources mobilised by REDD+ country governments from their own budgets, and resources invested by the private sector and civil society organisations.

In Doha, the EU and its Member States showed that they have provided fast start finance totalling 7.14 billion EUR in their provisional report on fast start funding and that they were on track to fulfil the 7.2 billion EUR pledge by the end of 2012. The final report will be submitted to the UNFCCC Secretariat in May 2013. This significant achievement in times of deep financial and economic crisis underlines Europe's commitment to supporting developing countries in their efforts to address climate change. About 1 billion EUR (13%) of this amount was for REDD+ support.

EU fast start support covers a wide spectrum of REDD+ activities. These include demonstrating how to adjust policies and incentives in favour of protecting and conserving forests, strengthening sustainable management of forests and enhancing forest carbon stocks, supporting necessary policy and governance reforms and also building developing countries' capacities to measure and report on anthropogenic forest-related emissions and removals. By improving forest governance, particular attention is often required to reform land-tenure, to enforce forest-related laws, and to ensure benefits for local communities and indigenous peoples.

The EU will continue to provide climate finance support after 2012 and to work in a constructive manner together with other developed countries towards the identification of pathways for scaling up climate finance from 2013 to 2020 from a wide variety of sources – public finance and private sector finance, bilateral and multilateral, including alternative sources of finance, as needed to reach the international long term committed goal of mobilising jointly USD 100 billion per year by 2020 in the context of meaningful mitigation actions and transparency on implementation with a view to reducing global greenhouse gas emissions so as to keep the increase in global average temperature below 2°C compared to preindustrial levels. In this respect, the EU welcomes the decision in Doha to continue the Work Programme on Long-term Finance, which will help identify these pathways and strategies. At the same time, the EU Commission and a number of EU Member States announced on a voluntary basis in Doha their objective to contribute more than 5.5 billion EUR of climate finance from their respective financial provisions for the coming years.

Domestic funding is a primary source of finance for REDD+ implementation, and more generally for national forest programmes, as highlighted *inter alia* in the Simula report carried out in the context of the interim REDD+ Partnership², in chapter 7 of the FAO Forest Resource Assessment 2010 report³ and in the 2012 forest finance study of the Collaborative Partnership on Forests⁴.

Private sector investments also play a critical role both in causing and addressing drivers of deforestation and forest degradation⁵. A recent review from the European Tropical Forest Research Network compiles practical experiences of the private sector engaging innovatively in sustainable forestry⁶. UNFCCC decisions and national REDD+ strategies or action plans should facilitate increased involvement of the private sector in reducing emissions from deforestation and forest degradation.

The voluntary REDD+ database (VRD) of the Interim REDD+ Partnership, established as a result of the Paris and Oslo ministerial conferences in early 2010, has analysed data from 15 contributor countries and the European Commission, 31 REDD+ countries and 14 institutions on the state of REDD+ finance⁷. While there remain significant challenges in accessing, reconciling and interpreting data for a variety of reasons, its report indicates in particular that:

- Contributor countries have reported a total of almost US\$6.27 billion in funding for REDD+, primarily through bilateral grants.
- The main vehicles for multilateral support to REDD+ are the Global Environment Facility (GEF) and its REDD/sustainable forest management program; the Forest Investment Program (FIP) of the World Bank; the Forest Carbon Partnership Facility (FCPF) of the World Bank; the Congo Basin Forest Fund (CBFF) of the African Development Bank; the UN REDD Programme of the UNDP, UNEP and FAO; and the International Timber Trade Organisation (ITTO).
- Over half of the funding has gone to five countries, namely India, Brazil, China, Indonesia, and the Democratic Republic of the Congo. Asia accounts for most REDD+ financing received so far, although much of it consists of concessional loans provided to a few countries prior to 2010.

² Markku Simula, 2010. Analysis of REDD+ financing gaps and overlaps. Report to the interim REDD+partnership. <http://reddpluspartnership.org/25159-09eb378a8444ec149e8ab32e2f5671b11.pdf>

³ www.fao.org/forestry/fra/en/

⁴ www.un.org/esa/forests/pdf/AGF_Study_July_2012.pdf

⁵ Kissinger, G., M. Herold, V. De Sy. Drivers of Deforestation and Forest Degradation: A Synthesis Report for REDD+ Policymakers. Lexeme Consulting, Vancouver Canada, August 2012. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/65505/6316-drivers-deforestation-report.pdf

⁶ Good business : making private investment work for tropical forests. ETFRN, Tropenbos international. <http://www.etfrn.org/publications/good+business+making+private+investments+work+for+tropical+forests>

⁷ Towards transparency in public financing for REDD+: An analysis of data submitted by members of the REDD+ partnership to the voluntary REDD+ database. 27 November 2012. http://reddplusdatabase.org/process_reports/VRD_Analytic_Report_2012_Nov_27_FINAL.pdf

- Types of actions receiving most support so far are: capacity building and local awareness, social and environmental benefits, REDD+ strategy and other policy preparations, demonstration and pilot activities, stakeholder consultations and engagement, monitoring systems, governance, research, monitoring and evaluation, payments and transaction systems, sectoral transformation and reference scenario development.

The REDD+ Partnership and its voluntary REDD+ database were established on an interim basis with the aim to promote and support the establishment of a REDD+ mechanism under the UNFCCC⁸. In Doha, Parties agreed to **a common tabular format for the reporting on finance** in the biennial reports. This will greatly improve the understanding of financial flows.

REDD+ finance is also part of the broader landscape of **forest finance**, which is at the agenda of the upcoming tenth session of the **United Nations Forum on Forests (UNFF10)**⁹. In preparation for UNFF10 work on forest finance, the **Collaborative Partnership on Forests (CPF)**¹⁰, has updated its study on forest finance in 2012¹¹ and maintains a valuable online Sourcebook on Funding for Sustainable Forest Management¹². The UNFF also held intersessional expert group meetings on the matter in recent years, most recently in Vienna in January 2013¹³.

When dealing with financial resources and technical and technological support for REDD+, the UNFCCC also needs to bear in mind **progress made on the Strategy for Resource Mobilization by the Convention on Biological Diversity**, most notably through Decision XI/4 adopted respectively at the Hyderabad conference in October 2012.

The UNFCCC work programme on long term finance, established by Decision 2/CP.17, has reported on its activities in 2012 (FCCC/CP/2012/3) and is extended to 2013 in accordance with Decision -/CP.18 (Work programme on long-term finance).

In relation to technological support, linkages and synergies with the Technology Mechanism of the Convention, which is intended to enhance action on technology development and transfer to support action on mitigation and adaptation, shall be promoted and ensured.

⁸ REDD+ Partnership Document adopted at the Oslo Climate and Forest Conference on 27 May 2010.

www.reddpluspartnership.org

⁹ United Nations Secretary General report on means of implementation for sustainable forest management (E/CN.18/2013/11). [http://daccess-dds-](http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N13/221/61/PDF/N1322161.pdf?OpenElement)

[ny.un.org/doc/UNDOC/GEN/N13/221/61/PDF/N1322161.pdf?OpenElement](http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N13/221/61/PDF/N1322161.pdf?OpenElement)

¹⁰ <http://www.cpfweb.org/en/>. The CPF was established by Resolution 2000/35 of the UN Economic and Social Council (ECOSOC). Its member organisations are : the Center for International Forestry Research (CIFOR), the Secretariat of the Convention on Biological Diversity (CBD), the Food and Agriculture Organization of the United Nations (FAO), the Global Environment Facility (GEF), the International Tropical Timber Organization (ITTO), the International Union for Conservation of Nature (IUCN), the International Union of Forest Research Organizations (IUFRO), the Secretariat of the United Nations Convention to Combat Desertification (UNCCD), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the Secretariat of the United Nations Forum on Forests (UNFF), the World Agroforestry Centre (ICRAF), the World Bank, and, of course, the Secretariat of the UNFCCC.

¹¹ www.un.org/esa/forests/pdf/AGF_Study_July_2012.pdf

¹² <http://www.cpfweb.org/73034/en/>

¹³ Background documents, presentations and report of the meeting: www.un.org/esa/forests/adhoc.html

Against this background, the EU:

- welcomes activities that promote and further enhance the transparency of the different bilateral and multilateral funding sources made available in the context of REDD+;
- believes that, irrespective of the source of finance, REDD+ outcomes may be best achieved and sustained if environmental and social objectives are secured up-front with a strong articulation of safeguards¹⁴;
- considers that any outstanding issues in relation to scaling up support for the implementation of REDD+ activities, including financial resources and technical and technological support, should be considered in relation to the discussions on the long term finance work programme under the UNFCCC;
- further considers that discussions in the joint SBI/SBSTA process should focus on REDD+ specific elements, e.g. support for different phases of REDD+.

Concerning the need to improve the coordination of support

The EU, together with other Parties, recognises the need to improve coordination of support for the implementation of REDD+ activities (§34 of Decision -/CP.18, Agreed outcome pursuant to the Bali Action Plan).

The international community has a growing understanding that climate and development finance should be channelled through country-led strategies and country systems and aligned with partner country priorities, thus supporting partner countries' ownership and leadership. At the 4th High Level Forum on Aid Effectiveness in Busan, South Korea, in November 2011, more than 150 countries and 45 international organisations decided to establish the Global Partnership for Effective Development that took over from the OECD Working Party on Aid Effectiveness as of June 2012.

The coordination of REDD+ support primarily involves REDD+ country governments, and it also involves contributor countries and organisations at national, regional and global levels. In the Paris Declaration on Aid Effectiveness¹⁵, governments committed *inter alia* to coordinate their actions, simplify procedures and share information to avoid duplication and to reduce transaction costs for developing countries. Examples of approaches to improve aid effectiveness include: supporting programme-based approaches rather than fragmented individual projects, conducting their field missions and country analytical work together with recipient countries and providing more support in line with the development strategies set by developing countries.

The EU regards certain initiatives as **success stories in coordinating support for REDD+**. For example, the Congo Basin Forest Partnership has provided significant assistance to Central African governments, the Executive Secretariat of the Central African Forest Commission (COMIFAC), contributor country governments and other actors in aligning their

¹⁴ As also recommended by the recent IUFRO Global Forest Expert Panels (GFEP) report on sustainable forest management, governance and REDD+. <http://www.iufro.org/science/gfep/biodiv-forman-redd-panel/report/>

¹⁵ <http://www.oecd.org/dac/effectiveness/45827300.pdf>

contributions behind the goals of COMIFAC convergence plan adopted at the Brazzaville Summit of 2005. Also, some multilateral institutions have made significant progress in recent years to reduce the administrative burden on partner countries. For example, the FCPF and the UNREDD program have harmonised their respective templates for Readiness Preparation Proposals and strive to organise their meetings back-to-back. The EU looks forward to learn from other success stories and best practice in improving the coordination of REDD+ support and to draw lessons from an exchange of experience with other Parties.

The EU's work with partner countries on Forest Law Enforcement, Governance and Trade (FLEGT)¹⁶ also has strong synergies with the objectives of REDD+. For example FLEGT can address direct and indirect drivers of deforestation and forest degradation and it can also showcase the role of stakeholder consultation platforms to build consensus around forest policies. The EU REDD Facility¹⁷ managed by the European Forest Institute works with a number of countries to help identify and support law enforcement and governance reforms contributing to national REDD+ strategies or action plans and, in doing so, promote synergy between REDD+ and FLEGT processes.

In the interim period, the REDD+ Partnership is playing a central role through offering an open and transparent platform to exchange views, ideas and practical country-based experience on national and international coordination with existing bilateral and multilateral initiatives in support of nationally identified REDD+ needs. The interim REDD+ Partnership has also commissioned a report on the effectiveness of multilateral REDD+ initiatives¹⁸ and formulated recommendations for targeted improvements to multilateral initiatives¹⁹. As such the REDD+ Partnership serves as an interim platform to discuss ways to improve the coordination of support for the implementation of results based actions.

The **Facilitative Process established by the UNFF** in 2009²⁰ also assists countries *inter alia* in mobilising, accessing and enhancing the effective use of funds for sustainable forest management, to identify obstacles and opportunities for accessing funds from all sources and for all types of forests and to enhance coordination, cooperation and coherence among relevant funding sources and mechanisms to improve the implementation of the UN forest instrument and the achievement of the global objectives on forests.

¹⁶ This process has been inspired by a series of regional initiatives, supported by the World Bank, such as the East Asia and Pacific Forest Law Enforcement and Governance process.

¹⁷ www.euredd.efi.int

¹⁸ <http://reddpluspartnership.org/29149-0db58e819221ae34c06b8182087d74669.pdf>

¹⁹ <http://reddpluspartnership.org/29150-0a295b7969610359d16d658db5cab4c22.pdf>

²⁰ Report of the Special Session of the 9th Session of the United Nations Forum on Forests, E/CN.18/SS/2009/2 • E/2009/118, §3. <http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N09/608/38/PDF/N0960838.pdf>

Consideration of existing institutional arrangements or potential governance alternatives for REDD+

As the joint SBSTA/SBI process is to consider institutional arrangements or potential governance alternatives to addressing the need to provide adequate and predictable support and to improve the coordination of that support (§35 of UNFCCC Decision -/CP.18 – Agreed outcome pursuant to the Bali Action Plan), **the EU is of the view that these matters would be best served by existing or recently established arrangements, rather than by the creation of new structures.** Moreover, it could delay proper coordination, go against the principle of institutional economy and divert resources from REDD+ implementation. In effect:

- Operating entities of the Financial Mechanism of the Convention (the Global Environment Facility and the Green Climate Fund) are already encouraged to provide REDD+ results-based finance by §68 of Decision 2/CP.17. The Global Environment Facility has launched a new program for Sustainable Forest Management/REDD+ at its 5th replenishment²¹. The Green Climate Fund, created by §102-111 of Decision 1/CP.16 and launched by Decision 3/CP.17, is supposed to finance REDD+ activities as well (§35 of Decision 3/CP.17), both through public and private capital.
- The COP is assisted by a Standing Committee on Finance, established by §112 of Decision 1/CP.16. According to §121 of Decision 2/CP.17, the activities of the Standing committee on Finance will include: (a) organising a forum for the communication and continued exchange of information; (b) maintaining linkages with Convention bodies; (c) providing to the COP draft guidance for the operating entities of the financial mechanism of the Convention; (d) making recommendations on how to improve the coherence, effectiveness and efficiency of the operating entities of the financial mechanism of the Convention; (e) providing expert input, including through independent reviews and assessments into the preparation and conduct of the periodic reviews of the financial mechanism by the COP; (f) preparing a biennial assessment of climate finance flows. REDD+ is covered by the Standing Committee on finance as part of its activities on broader climate finance.

Conclusion: proposed output of the joint SBI/SBSTA process

The joint SBSTA/SBI process should, in the EU's view, result in recommendations on enabling environments for REDD+ support and on how finance for REDD+ and the coordination of support for REDD+ should inform and relate to the general UNFCCC work on long-term finance. These recommendations should include how existing institutional arrangements could address the need to improve the coordination of support for REDD+ and to provide adequate and predictable support for REDD+.

²¹ The GEF Incentive Mechanism for Forests. A new REDD+ multilateral finance Program.
<http://www.thegef.org/gef/sites/thegef.org/files/publication/REDDEnglish.pdf>