

# Matters relating to non-market-based approaches to support the implementation of the activities in decision 1/CP.16, paragraph 70 – Synthesis of views

In-session expert meeting, SBSTA40

Bonn, Germany, 6 June 2014



**SBSTA Agenda Item 5:** *Methodological guidance 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*

## SBSTA conclusions and mandate

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SBSTA 38 (June 2013) noted:

- That non-market-based approaches (NMBA), such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, are important to support the implementation of activities in decision 1/CP.16, para 70 (REDD-plus);
- The relationship between NMBA and the provision of adequate and predictable support, including financial resources;
- The need for clarity on types of NMBA related to the implementation of REDD-plus, and whether further methodological work could be needed.

SBSTA38 requested the secretariat to:

- Organize an in-session expert meeting at SBSTA 40 on these matters;
- Prepare a report on the meeting for consideration at SBSTA 41;
- Compile the submissions of views on the matter for SBSTA 40.



## Submission of views

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**Mandate:** SBSTA 38 invited Parties and observers to submit their views on methodological guidance for non-market-based approaches

### Views by Parties:

- FCCC/SBSTA/2014/MISC.3 and Add.1-2
- Online: < <http://unfccc.int/5900.php> >

Total of 8 submissions received from Parties or groups of Parties

### Views by observers:

- Online: <<http://unfccc.int/7482.php>>



## Synthesis of key views

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### 4 broad clusters of views

- Definition and scope of NMBA
- Consideration of NMBA in existing or on-going work of the Convention
- Further work needed on alternative policy approaches, including the JMA
- Potential areas/issues for discussion for expert meeting and SBSTA



## Synthesis of key views – Definition and scope of NMBA

- Refers to policy measures and instruments designed to raise adequate, predictable and long-term resources for enhancing effective MRV-ed mitigation and adaptation actions without internationally transferable units
- Ensures equity in financial distribution, obligations to nature, delivery of measurable, additional emission reductions outside offsetting context
- The JMA, as a NMBA, reinforces the multiple environmental functions of the forests and that forests are much more than C reservoirs
- NMBA can create synergy between mitigation and adaptation measures
- NMBA have fewer problems with leakage, permanence and fraud
- The Warsaw Framework for REDD-plus (WFR) applies only to non-market-based approaches; vs. applies to all approaches; vs. is focused on market approaches



## Synthesis of key views - Definition and scope of NMBA

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- Many tools supporting REDD-plus are not linked to any market. Majority of financing options/sources for REDD+ to date can be considered as “non-market ” such as grants, loans, debt swaps, bonds, equity, tax concessions, purchase of outputs, guarantees, commercial insurance and political risk insurance
- Activities that could be considered under NMBA:
  - Actions related to policies, law enforcement, governance and trade;
  - Action to address drivers
  - Awareness raising and capacity-building
  - Carbons sequestration incentives such as A&R
  - Conservation
  - R&D of suitable technologies
  - Co-benefits like enhanced livelihoods, biodiversity conservation and enhanced ecosystem services



## Synthesis of key views - NMBA in existing or on-going work of Convention

- WFR provides sufficient methodological guidance for NMBA, only implementation is pending;
- WFR provides guidance on obtaining results-based payments, regardless of financing approach, source or type of financing;
- Existing UNFCCC decisions apply to both non-market and market approaches;
- Mix of financing approaches chosen by country does not change basics of implementing REDD-plus
- Methodological guidance on safeguards information systems, reference levels, addressing drivers and national monitoring systems in existing decisions also relevant for activities undertaken with NMBA
- NMBA linked to discussions on non-carbon benefits



## Synthesis of key views - NMBA in existing or on-going work of Convention

- Discussion on NMBA is also ongoing under the SBSTA agenda item on “market and non-market mechanisms under the Convention”
- NMBA should also be part of discussions on alternative approaches by the SCF
- NMBA should be incorporated within Framework for Various Approaches and in the 2015 Agreement
- Issues – potential duplication, limited time and resources – need to clarify where best to discuss NMBA for optimum success of both REDD-plus and NMBA





## Synthesis of key views – Further work on alternative policy approaches, including the JMA

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- Methodological guidance for alternative policy approaches (based on results-based payments), such as JMA, must be developed:
  - To facilitate the SCF consideration of financial resources for alternative approaches that include performance and needs-based approaches
  - To recognize dual function of forests
  - To integrate adaptation aspects
  - To facilitate registry of mitigation and adaptation outcomes in existing info hubs/ platforms or additional registries
- NMBA should be further clarified by SCF and the GCF
  - Methodological guidance needed to help GCF deliver financing for REDD-plus

### Challenges

- JMA understood conceptually but complex at methodological and operational levels
- Challenges to integrating adaptation in additional methodological guidance as broad concepts, indicators and uncertainties involved



# Synthesis of key views

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## Potential areas/issues for discussion at expert meeting and SBSTA

### Expert Meeting:

- Provide clarity on need for methodological work, focusing on modalities and performance indicators;
- Clarify methodological issues related to JMA, particularly at international level

### SBSTA:

- Methodological guidance for alternative policy approaches to REDD+, such as JMA to be developed and adopted at COP 20
  - Methodological guidance should consider socio-economic strategies of developing countries
  - Guidance should also be developed for developed country Parties to address policies that contribute to deforestation
  - Too premature to further discuss methodological guidance for NMBA at this stage
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**Thank You**

