

Submission by

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Views on including a REDD+ mechanism in the Kyoto Protocol

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Including a REDD+ mechanism in the Kyoto Protocol

Article [XX]

REDD+ mechanism

1. A REDD+ mechanism is hereby defined.
2. The purpose of the REDD+ mechanism shall be to enable Parties not included in Annex I taking into account national circumstances and different capacity and capabilities, to strengthen their contribution to the ultimate objective of the Convention, to voluntarily assist them in achieving their sustainable development and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3.
3. Parties not included in Annex I may, on a voluntary basis, implement the following activities:
 - (a) Reducing emissions from deforestation;
 - (b) Reducing emissions from forest degradation;
 - (c) Conservation of forest carbon stocks;
 - (d) Sustainable management of forest;
 - (e) Enhancement of forest carbon stocks

The implementation of the activities referred to in this paragraph should be carried out in accordance with the modalities identified in paragraph 9.

The information on greenhouse gas emissions by sources and removals by sinks associated with those activities shall be reported in a transparent and verifiable manner and reviewed in accordance with Articles 7 and 8 of this Protocol.

4. Parties not included in Annex I may implement activities undertaken under paragraph 3 above in phases, beginning with the development of national strategies or action plans, policies and measures, and capacity-building, 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 results-based actions that should be fully measured, reported and verified.
5. Parties not included in Annex I may voluntarily inscribe in Annex C to this Protocol information on their reference emission level (REL) and/or reference level (RL) in accordance with the modalities contained in paragraph 9.
6. Parties not included in Annex I may benefit from the net changes in greenhouse gas emissions by sources and removals by sinks in comparison to a REL and/or a RL achieved in accordance with the activities referred to in paragraph 3 above and resulting in [*Forest Mitigation Units (FMUs)*].

7. Parties included in Annex I may use [*Forest Mitigation Units*] accruing from such activities to contribute to compliance with part of their quantified emission limitation and reduction commitments under Article 3, as determined by the Conference of the Parties serving as the meeting of the Parties to this Protocol.

8. The acquisition of [*Forest Mitigation Units*] by Parties included in Annex I shall be supplemental to domestic mitigation actions for the purpose of meeting commitments under Article 3.

9. The Conference of the Parties serving as the meeting of the Parties to this Protocol, with the assistance of the Subsidiary Body for Scientific and Technological Advice may, as appropriate, at its [XX] session, further elaborate guidelines for the implementation of this Article, including modalities and procedures with the objective of ensuring transparency, efficiency and accountability of the REDD+ mechanism in the submission, review and adoption of proposals for inscribing information on the REL and/or RL in Annex C, in the measurement, reporting and verification of net changes in greenhouse gas emissions by sources and removals by sinks and accounting of [*Forest Mitigation Units*] and in the implementation of safeguards, taking into account the ultimate objective of the Convention and the environmental integrity of the Protocol.

Annex C

Party	Information on REL and or RL in accordance with Article [XX], paragraph 5	Information on goals in accordance with Appendix 1, paragraph 9

[Appendix I and II below provides further details on the functioning of the REDD+ mechanisms which should be adopted and further elaborated by the CMP as described in paragraph 9 above]

Appendix I

Guidance on the implementation of the activities referred in Article [XX] undertaken by Parties not included in Annex I

The following elements should guide Parties not included in Annex I in the implementation of the activities referred to in Article XX:

1. **Additionality:** net changes in emissions and removals should be additional to any that would otherwise occur in the absence of the REDD+ activities.
2. [*Forestry Mitigation Units*] should be measurable, reportable and verifiable.
3. **Robust and transparent MRV:** Measuring, Reporting and Verification should be performed at the national-scale to support national accounting systems, applying the relevant IPCC and UNFCCC guidelines adopted by COP/CMP, and in accordance with national circumstances. Parties not included in Annex I should receive adequate and necessary financial and capacity support for the implementation of permanent national-scale measuring, reporting and verification systems.
4. Parties not included in Annex I who decide to benefit paragraphs 5 and 6 should establish a registry to periodically account for (issuance) and track (transfer) of FMUs in accordance with paragraph 6.
5. **Fungible:** FMUs should be guaranteed direct market access, be fully fungible with AAUs.
6. **Reserve Accounts:** On a periodic or annual basis, a proportion of realized [*forest mitigation units*] could be maintained in a reserve to provide:
 - a buffer against future emissions that are above the REL and RL, or
 - the opportunity to fulfill shortfalls by other Parties implementing REDD+ .
7. **End of Term Accounting:** To maintain atmospheric integrity within and between different commitment periods, at the end of a commitment period, any final quantity of net emissions exceeding the REL or RL referred to in Annex C should be:
 - a. deducted from any remaining national reserve accounts, or
 - b. transferred to a subsequent commitment period.
8. **Credit for Early Action:** Emission reductions undertaken by Parties not included in Annex I before 2012 that are subsequently integrated into a national accounting system should be permitted for use in achieving future compliance by Annex I Parties,

subject to independent review by Expert Review Teams supported by the Secretariat (applying precedent granted to the CDM in the Kyoto Protocol).

9. Contributing to Pricing Stability: Parties should collaborate to encourage general price stability with global carbon markets in order to promote both technological transformation and incentives for mitigation actions in Parties not included in Annex I. Therefore:

- Parties not included in Annex I may, on a voluntary basis, propose a non-binding goal for reduction of net emissions (calculated from a percentage of the REL and RL) to be communicated to the Conference of the Parties serving as the meeting of the Parties to this Protocol.
- Deduction from AAU Allocations: On a periodic or annual basis, the Secretariat would proportionally deduct the total of the agreed requests for along with the non-binding goals set out in Annex C as proposed by Parties not included in Annex I from the respective AAU allocations of Annex I Parties, in an equitable way, that will be held in the national registry.
- Settlement: On a periodic or annual basis, Parties not included in Annex I would report realized emissions reductions achieved with the implementation of the activities referred to in paragraph 3 to the Secretariat, and
 - Sales: subject to independent verification, realized FMUs would be exchanged on an equal basis by the Secretariat for the fully fungible AAUs being held within the registry.
 - Proportionality: the Secretariat would exchange AAUs held within the registry on a proportional basis between all participating Annex I Parties.
 - Shortfalls: On a periodic basis, if the supply of realized FMUs is less than the total AAU deductions:
 - the shortfall from one REDD+ country could be fulfilled by another REDD+ country, or
 - If no fulfillment was made by other REDD+ participants, the Secretariat would proportionally return the residual AAUs to the participating Annex I Parties.
 - Oversupply: On a periodic basis, if the supply of realized FMUs is greater than the total AAU deductions available:
 - The oversupply could be used to fulfill shortfalls by other REDD+ countries, or
 - If there is no shortfall by other REDD+ countries, the realized FMUs could be banked for application in future years.

10. Ex-Ante Crediting: A further step forward, Parties not included in Annex I could be issued allowance credits ex-ante against the REL and RL referred to in paragraph 5 considering that the REDD+ Mechanism effectively constitutes a sectoral approach of policy approaches and positive incentives, similar to that applied under Article 3.3 [of the Protocol].

11. Price Floors: To encourage broader participation by guaranteeing the livelihoods of rural and indigenous communities, the Parties should agree on a price floor. Such price floors could be independently supported from the revenues generated from AAU auctions, for example.
12. National Trust Accounts: To improve participation by domestic stakeholders, donors, and market participants, Parties may choose to transparently address funding inflows, fund management, and disbursement commitments, if appropriate, through independently governed trust arrangements.
13. Additional to the CDM: A REDD+ mechanism cannot simply compete with, and lower market prices for, actions taken under the Clean Development Mechanism (CDM). Therefore, while REDD+ should be addressed within a separate mechanism, a REDD+ mechanism must be complementary and additional to the CDM. Forest areas included under AR-CDM project activities and associated emissions and removals shall be excluded from the REDD+ mechanism.

Appendix II

Reference Emission Level (REL) and Reference Level (RL)

1. REL/RL should be the expected amount of emissions and removals that would have been occurred if REDD+ activities were not implemented.
2. Parties may set a reference emission level including emissions from deforestation and forest degradation only or may set a reference level including all emissions and removals associated with all REDD+ activities, namely deforestation, forest degradation, forest conservation, sustainable management of forests and enhancement of forest carbon stocks.
3. The REL should include emission reduction from deforestation and forest degradation.
4. The REL should be based on historical data only, so assuming a constant impact on forest emissions of drivers that cause deforestation and forest degradation and that shall be addressed by the implementing policies and measures on REDD+.
5. The RL should take into account carbon stock losses and gains and other emissions occurring on managed forest land, including those associated with change of use from forest to any other land use.
6. In particular countries that have maintained high levels of Sustainable Management of Forests (SMF) and conservation of their forest stocks will be allowed to adjust their RLs so that these efforts will be adequately recognized.
7. RL, based on historical data, should take into consideration the impact of human induced variables that drive emissions and removals in forest land and their expected change in the period to which the reference level is applied, so that the historical data are adjusted by means of a Development Adjustment Factor (DAF) in order to determine the RL.
8. The DAF should be built on national circumstances determined by the use of the most recent relevant information, for example, last years' carbon stock changes and other emissions from the forest sector, per capita Gross Domestic Product (GDP), local and international prices of forest and agricultural goods, etc.
9. To avoid inconsistencies in methods, carbon pools and lands reported for setting the REL and RL and those used for accounting during the commitment period, the REL and RL could be subject to technical corrections when and if needed.