



Climate Action Network

Submission to SBI/SBSTA on REDD+ Institutions

March 25, 2013

Climate Action Network (CAN) is the world's largest network of civil society organizations working together to promote government action to address the climate crisis, with more than 700 members in over 90 countries. www.climatenetwork.org

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)

CAN International views on existing institutional arrangements or potential governance alternatives including a body, a board or a committee (matters referred to in paragraphs 34 and 35 of FCCC/CP/2012/L.14/Rev.1, including potential functions, modalities and procedures (FCCC/CP/2012/L.14/Rev.1, paragraph 36)).

1. Introduction

CAN welcomes this opportunity to contribute to the work of SBSTA and SBI by giving our views on the matters referred to in paragraphs 34 and 35 of FCCC/CP/2012/L.14/Rev.1, including potential functions, modalities and procedures.

CAN considers that REDD+ should be a key component of the new agreement being negotiated by the ADP. REDD+ can contribute significantly to global emission reductions both in the longer term (ADP workstream 1) and in the shorter term (ADP workstream 2), as well as delivering both biodiversity and social benefits. However, if REDD+ is to deliver significant emission reductions in the short term then much more effort is urgently needed, by both donor and host countries during phases one and two of REDD+.

We agree with paragraph 34 of the Doha decision on REDD+ finance (FCCC/CP/2012/L.14/Rev.1) that there is a need to improve coordination in the implementation of REDD+ activities (paragraph 70 of 1/CP.16). We are not, however, convinced that a new REDD+ institution would achieve this aim, certainly not at this stage. We consider that it would be best to decide what needs to be done first and then decide upon how best to do it, via new or existing institutions.

2. Possible institutional solutions

The informal note issued by the LCA REDD+ group chair in Bangkok, on 4th September 2012, appears to be a good basis upon which to begin discussions on what needs to be done. In the note, the Chair laid out options for institutional arrangements (which need not be mutually exclusive) under the general heading of “additional issues requiring further exploration”. In this submission, we use that text as a basis.

We note that whatever institutions are established should be suitable for dealing with finance from a wide variety of sources (as agreed in paragraph 65 of Decision 2/CP.17) and that both market and non-market approaches could be employed (paragraphs 66 and 67 of 2/CP.17). However, as any global market mechanism under the new ADP agreement will probably not be operational until after 2020 and joint mitigation and adaptation approaches might take a long time to establish, there may be a need to employ existing institutions in the interim, such as the GCF. There is also likely to be a need to develop any new institutions in conjunction with the broader UNFCCC process, such as the one on new market mechanisms.

Links with the Green Climate Fund (GCF)

Many Parties have expressed interest in using the GCF to fund REDD+, at least in part and often together with other financing options. The GCF has the advantage that it already exists, clearly could fund REDD+ and might at least offer a short term, interim solution. A disadvantage might be that it is not specifically intended for REDD+ and would need to be adapted accordingly. Questions raised in the Bangkok paper include: What guidance can be provided to the GCF Board on REDD-plus financing? What signal can the REDD-plus discussions provide to the GCF Board?

Links with the New Market Mechanism (NMM)

Many Parties have expressed an interest in employing market mechanisms and the NMM process is intended to develop the new UNFCCC mechanism. So far, discussions on the NMM have been disappointing because they have focussed almost entirely on the production of large numbers of project-based credits without discussion of where any demand might come from. A question posed by the Bangkok paper is “How to ensure consistency between REDD-plus financing and the new market mechanism and how REDD-plus would be captured in the development of the new market mechanism?”

A REDD-plus Board

It has been proposed that a Board might govern a REDD-plus window established by the GCF Board, work under the guidance and authority of the COP, ensure transparency and consistency with modalities and procedures of existing multilateral and bilateral agencies, and protect developing country parties against market failure through tools such as supporting appropriate price floors.

CAN has a number of reservations about the establishment of a Board or similar institution. These are outlined in the next main section entitled, “Some concerns about a new institution”.

A registry to track of REDD-plus units

A national registry could record verified emission reductions and removals, and transfer or cancel such reductions and removals so as to avoid double counting; an international registry could also record and track verified emission reductions and removals and avoid double counting.

It seems sensible to establish a registry. A number of questions would, however, need to be answered, such as should there be a link between REDD-plus registry with the NAMAs registry? Also it would probably be necessary to develop guidance for the registry and guidance for reporting of monitored emissions and removals achieved from results-based actions.

A Carbon Reserve Bank and a regulatory body under the COP

It has been proposed that a carbon reserve bank could oversee the new market mechanism, ensure the efficient functioning of the carbon market, ensure pricing and floor prices, create a reserve account, and create a mechanism for settlement of disputes.

CAN has reservations about the establishment of such a bank, at least seven years in advance of a global, UNFCCC carbon market being operational. Our other concerns are similar to those that we have about setting up a board and can be seen in the next main section.

Links to Long Term Finance

There clearly need to be links to the discussions on long term finance more generally.

3. Some concerns about a new institution

Timeliness

We consider that the way in which phase three of REDD+ finance works needs to be agreed in the UNFCCC negotiating process; in the Work Programme established in Doha (paragraphs 24 to 33), in the SBSTA/SBI group or in another UNFCCC negotiating body. It may be that a committee or other means of governance will prove to be part of the outcome of these ongoing negotiations but it seems premature to prejudge their outcome and establish a governance body now. It is better to decide upon the functions that need to be performed first and then decide how they would best be carried out.

Lack of representation

Any new institution would probably, to be effective, have limited representation on its governing body, almost certainly far less representation than the 190 or so nations that can be represented in the UNFCCC process. We are concerned that, unless the remit of a new or existing institution is very carefully prescribed by the UNFCCC, the views of many countries would not be represented. We are also concerned that a REDD+ institution might pre-judge or pre-empt the outcome of ongoing negotiations.

Isolation of REDD+

We fear that having a separate REDD+ institution could have the effect of isolating REDD+ from the core UNFCCC process, which it needs to be a key part of.

Disbursement of finance

It has been proposed that a new REDD+ institution might disburse finance. We consider that this is premature and could cause further delays in the already delayed disbursement of funding.

We presume that any institution would only disburse results-based, phase 3, funds because that is the remit on the current work on REDD+ finance. It would be highly disruptive for an institution to 'take over' responsibility for existing phase 1 and 2 finance where disbursement channels already exist, even if they are not working well at present. Moreover, it seems unlikely that donor countries would agree to have an independent body spending their money outside of their control.

A new institution for the disbursement of phase three finance might eventually be an appropriate solution but there are other options which need to be considered first, such as having a REDD+ window in the Green Climate Fund.

Delay

New international institutions take time to establish and begin to operate effectively, often many years. There thus needs to be a very good case made for setting one up and we do not think that such a case has been made.