



Subsidiary Body for Scientific and Technological Advice

Thirty-ninth session

Warsaw, 11–16 November 2013

Item 6 of the provisional agenda

**Coordination of support for the implementation of activities
in relation to mitigation actions in the forest sector by
developing countries, including institutional arrangements**

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Report on the workshop on coordination of support for the implementation of activities in relation to mitigation actions in the forest sector by developing countries, including institutional arrangements

Note by the secretariat

Summary

The Conference of the Parties (COP), in its decision 1/CP.18, paragraph 35, requested the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to jointly initiate a process with the aim of addressing the need to improve the coordination of support for the implementation of activities relating to reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks, and to consider existing institutional arrangements or potential governance alternatives. The COP requested the secretariat to organize an in-session workshop on these matters at the thirty-eighth sessions of the subsidiary bodies. Parties gave presentations on issues relating to the need for improving the coordination of support and engaged in an in-depth consideration of several options, including the establishment of a new body, use of existing institutional arrangements, the role of the Green Climate Fund, and making use of the UNFCCC secretariat as an interim solution.

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I. Introduction

A. Mandate

1. The Conference of the Parties (COP), in its decision 1/CP.18, paragraph 34, recognized the need to improve coordination of support for the implementation of the activities relating to reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks (REDD-plus activities),¹ and to provide adequate and predictable support, including financial resources and technical and technological support, to developing country Parties for implementation of those activities.

2. By the same decision, paragraph 35, the COP requested the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI) to jointly initiate a process with the aim of addressing the matters referred to in paragraph 1 above, and to consider existing institutional arrangements or potential governance alternatives including a body, a board or a committee, and to make recommendations on these matters to COP 19.

3. The COP invited Parties and admitted observer organizations² to submit their views on the matters referred to in paragraphs 1–2 above, including potential functions, and modalities and procedures. The views of Parties are contained in documents FCCC/SB/2013/MISC.3 and Add.1.

4. The COP requested the secretariat to organize, subject to the availability of supplementary resources, an in-session workshop on the matters referred to in paragraphs 1–2 above, taking into account the submissions by Parties and admitted observer organizations referred to in paragraph 3 above, at the thirty-eighth sessions of the subsidiary bodies.

B. Scope of the note

5. This document contains a description of the proceedings of the in-session workshop (section II), a summary of the presentations made (section III), and of the main points and outcomes of the in-depth plenary discussions (section IV).

C. Possible action by the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation

6. SBI 39 and SBSTA 39 may wish to consider the information in this document as part of their joint consideration of the matters outlined in paragraphs 1–2 above and to make recommendations on these matters to COP 19.³

¹ These activities are specified in decision 1/CP.16, paragraph 70. Hereinafter, these activities are referred to as “REDD-plus”.

² Submissions from admitted observer organizations are available on the UNFCCC website at <<http://unfccc.int/7482>>.

³ Decision 1/CP.18, paragraph 35.

II. Proceedings

7. The half-day in-session workshop on the coordination of support for the implementation of activities relating to REDD-plus, including institutional arrangements, took place at the Maritim Hotel, Bonn, Germany, on 7 June 2013. Financial support for the workshop was provided by the European Commission.

8. The workshop was open to all Parties and admitted observer organizations attending SBSTA 38 and SBI 38. It was opened by the Chair of the SBSTA, Mr. Richard Muyungi (United Republic of Tanzania). The workshop was co-chaired by Ms. Madeleine Diouf Sarr (Senegal) and Mr. Keith Anderson (Switzerland). The co-chairs introduced the mandate and objectives of the workshop and presented the approach to the work.

9. The workshop was divided into two sessions:

(a) Session I: Presentations by Parties. Four Parties gave presentations: Brazil, Papua New Guinea on behalf of the Coalition for Rainforest Nations, the Philippines on behalf of the 10 countries of the Southeast Asia region, and the United States of America.

(b) Session II: Plenary Discussions. This session covered views and discussion of proposals on the key elements related to the coordination of support of the implementation of activities in relation to mitigation actions in the forest sector by developing countries. The discussions were guided by three key questions posed by the co-chairs:

(i) What is meant by coordination of support for REDD-plus financing and actions?

(ii) What are the barriers to coordination of support for the implementation of REDD-plus activities and how can these barriers be overcome?

(iii) What are the functions and elements necessary to improve coordination of support for the implementation of REDD-plus activities?

10. The agenda, information note on the workshop, the presentations by representatives of Parties and an informal summary by the co-chairs of the workshop are available on the UNFCCC website.⁴

III. Summary of presentations

11. This section summarizes the presentations made at the workshop. Four Parties gave presentations outlining their views and making proposals regarding improved coordination of support for REDD-plus activities.

12. Four general options for improving coordination were identified in the presentations:

(a) Establish a new body or committee under the guidance of the COP;

(b) Use existing arrangements and enhance coordination through improved information exchange among the various existing arrangements;

⁴ All information on the workshop is available at <<http://unfccc.int/7672>>.

(c) Make a transition from a set of interim arrangements to a permanent and more coordinated architecture for results-based payments, in which the Green Climate Fund (GCF) has a central role;

(d) Make use of the UNFCCC secretariat as an interim solution to the coordination of international support while discussions on institutional arrangements for REDD-plus are on-going.

13. The first presentation focussed on REDD-plus governance issues and was given by Papua New Guinea on behalf of the Coalition for Rainforest Nations. The presentation identified several challenges, which could lead to a loss of credibility of REDD-plus due to a lack of tangible action, in particular lack of real funding, absence of effective international governance and inefficiencies in existing funding mechanisms. The representative identified gaps that should be addressed to improve the coordination of support for REDD-plus, especially in the area of coherency and common standards, direct access to REDD-plus finance, and coordination between existing funding mechanisms. She suggested establishing a REDD-plus committee under the authority and guidance of the COP. This new institution should address the gaps and challenges identified, by overseeing, addressing and facilitating the implementation of REDD-plus activities in developing countries, including the provision of financial support, capacity development and technology. It should also provide guidance and recommendations to the subsidiary bodies to the Convention and mechanisms, coordinate cross-cutting issues, and also coordinate multilateral funding bodies and bilateral financial cooperation. By monitoring the efficiency, effectiveness, distribution and impact of support to be provided by multilateral and bilateral initiatives, the REDD-plus committee should also ensure transparency and equitable distribution of support.

14. In their presentation, the United States gave an overview of on-going efforts to increase transparency and coordination at different levels, including efforts on donor coordination at a domestic level, coordination between donors at a bilateral level, coordination between the different existing multilateral institutions, and creation of the voluntary REDD-plus database. All of these efforts aim to ensure that support for REDD-plus contributes effectively to implementation of coherent national REDD-plus strategies. In the view of the United States, many of the suggested functions of a potential new institutional arrangement for REDD-plus are already fulfilled by these efforts, as well as by a number of existing institutions, including methodological and implementation guidance given by SBSTA and SBI, respectively, and opportunities for information exchange provided by a number of different organizations and initiatives. The representative explained that a new institutional arrangement would not be in a position to tell institutions outside of the Convention what to do. She added that creating such an institution at this point could create delays and additional costs, and that it would be more effective and create more confidence that REDD-plus can succeed if support was made more effective by building stronger systems and institutions, improving national processes to facilitate coordination among partners, developing clear national visions and agreeing on methodological guidance.

15. The representative of Brazil explained the need to design a permanent architecture for results-based payments under the UNFCCC, which might in return be useful to coordinate better the broad collection of ad hoc or interim arrangements that currently provide support for the readiness phases of REDD-plus. In Brazil's view, this architecture for results-based payments must provide for adequate and predictable support from developed countries to developing countries, ensure environmental integrity, be simple and effective and have clear and distinctive roles for the international and national levels. It should also ensure the provision of positive incentives to developing countries for mitigation of emissions from deforestation and forest degradation, and other activities in the forest sector. Within this architecture, Brazil identified a central role for the Green Climate Fund (GCF), which could support enhanced action on REDD-plus through ex ante financing to developing countries for the development and implementation of the activities and elements

described in decision 1/CP.16, paragraphs 70 and 71, and to other actors (civil society and private sector) for the implementation of REDD-plus initiatives in developing countries. The GCF would also provide ex post payments of grants to developing countries, based on their national emission reduction results. Brazil emphasized that distribution of available resources should be equitable so that all countries receive a fair share, even if the GCF would not be in a position to have sufficient resources to pay for all the results achieved.

16. The Philippines, on behalf of the 10 countries of the Southeast Asia region⁵, emphasized that improved coordination could help to increase transparency, efficiency and effectiveness of support. At the international level, the improved coordination could facilitate equitable access to support by developing countries, and also knowledge exchange and experience sharing among REDD-plus countries. The Philippines added that for improved coordination at the national level, REDD-plus countries should have a mechanism for coordination of support in place, taking into account national circumstances, legislation, capacity and capabilities. The representative mentioned that it is important to achieve balance between methodological guidance for REDD-plus activities and the commitment of support for implementing REDD-plus in all phases. These countries are open to exploring potential governance alternatives, but would need first to identify the roles and functions of such an institutional arrangement, including financial implications. In their view, as an interim solution the coordination of international support should be undertaken by the UNFCCC secretariat. The representative also emphasized the importance of a registry or database for REDD-plus activities at international and national levels, to track both support and actions, provide transparency, and avoid double counting and reporting of support and actions.

IV. Summary of the plenary discussions

17. During session II of the workshop Parties engaged in plenary discussions adding to and elaborating on the issues raised in the presentations and exchanged views in response to the questions posed by the co-chairs of the workshop.

18. Many developing country Parties acknowledged the progress in REDD-plus implementation, but they also expressed their disappointment over the current availability and state of financing for phases 1 and 2 (readiness phase) of REDD-plus implementation.⁶ They noted that financing for the early phases of REDD-plus is critical in ensuring that countries are able to implement the necessary actions in phase 3 (full implementation of results-based actions). They added that not all developing countries listed as partners to the existing multilateral funding channels are actually receiving funding. On the contrary, a Party noted that the readiness funds available through multilateral channels are sufficient to cover the needs of all countries and, in addition, there are bilateral funding channels available. This Party further acknowledged the need for continued support for the readiness phase of REDD-plus. Nevertheless some developing country Parties noted that there were still gaps in financing for readiness activities despite the multiple financing channels available. These countries also raised concerns that limited funding would restrict participation in existing REDD-plus initiatives, potentially leading to displacement of emissions. Some of these Parties expressed a particular concern about the loss of credibility of REDD-plus due to the current low price of carbon credits in the international markets and the lack of assurance for sources of financing for results-based actions.

⁵ The 10 countries are: Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam.

⁶ The implementation of REDD-plus in phases is as referred to in decision 1/CP.16, paragraph 73.

19. Overall, many developing country Parties were of the view that existing financing arrangements are not working properly. The view was that allocating and/or disbursing finance for REDD-plus actions by various institutions at present has led to fragmentation and lack of coherence in the disbursement of financing to countries implementing REDD-plus actions. A large number of developing country Parties also emphasized the difficulty they faced in accessing the financing available. They were of the view that the distribution of finance for REDD-plus actions was not equitable, leaving some countries without access to financing.

20. In addition to financing mitigation actions in REDD-plus implementation, many developing country Parties pointed out that REDD-plus has adaptation and socio-economic aspects as well. Their view is that it is equally important that these latter aspects be taken into consideration in the implementation of REDD-plus.

21. Based on existing experiences relating to the fragmentation of funding and the difficulty of accessing finance for REDD-plus readiness activities, a large number of developing country Parties are of the view that a new centralized institutional arrangement should be established as a long-term solution for the coordination of support to ensure the sustainability of the implementation of REDD-plus activities. They are of the view that such a centralized body or committee would streamline the different existing sources of financing and ensure coherence and equity of support. Such a centralized institutional arrangement could also address potential problems with double-counting or double-reporting of emission reduction results.

22. Many other Parties were of the view that the creation of a new institutional arrangement for the coordination of support for REDD-plus would not address the issues raised here. They added that the creation of a new institution under the UNFCCC can likely be a long process, and that it may be more effective to build on and strengthen existing institutions to ease the mobilization and delivery of finance. They also identified a number of promising on-going initiatives to improve the coordination of support, and suggested that it might be more efficient and effective to undertake efforts to strengthen these initiatives.

23. The majority of these Parties shared the view that the effectiveness and efficiency of support for REDD-plus actions would benefit from improved coordination at all levels, including at national, regional, international and organizational levels, and among donors, as well as between donors and implementing countries and/or international organizations. While one Party raised the question of whether there is additional need for coordination under the UNFCCC, another Party noted that coordination at the UNFCCC level is necessary; for example, reaching agreement on a decision relating to financing for climate change actions could facilitate coordination.

24. A number of Parties mentioned that, in general, coordination would benefit from streamlining the existing support. However, the procedures for accessing finance should be simplified and ensure equitable distribution, taking into account balanced geographical distribution. The development of clear objectives and goals, provision of comprehensive technical guidance on financing options and procedures, and sharing and dissemination of information to all Parties would also enhance coordination. In addition, one Party noted that tools to improve coordination, such as databases, already exist. However, it is more about how to utilize these tools more effectively rather than creating new ones.

25. Several Parties expressed the view that the GCF could become the main centralized source of funding and may also set standards for other arrangements. It could further be used as a catalyst to mobilize a variety of financial sources, such as private finance and investment funds, bonds and other mechanisms.

26. Some Parties supported the view that while a formal coordination process is being developed, the UNFCCC secretariat could serve as an interim vehicle for improving coordination.

27. A group of Parties also cautioned against a “potential state of being coordinated”, and that a new body would only delay coordination. They added that it would be better to improve coordination through having a choice of combining different sources of support, including from different donor countries, financial institutions, international initiatives, and bilateral and multilateral institutions. A number of Parties stated that they would prefer to postpone discussions on institutional arrangements until there is more clarity on roles and functions of these institutions. They suggested focussing on the main goal to create positive incentives for developing countries to implement mitigation activities in the forest sector by developing modalities for transfer of results-based finance.
