



REDD Negotiator Training Workshop

4 October 2009

Introduction

The Forum on Readiness for REDD and FIELD International jointly convened a REDD negotiator training workshop for lesser developed country (LDC) negotiators on 4 October, 2009. The workshop was attended by approximately 25 members of delegation with each major REDD region represented, and it was facilitated by Meridian Institute. Workshop objectives were to:

- Enhance delegations' understanding on UNFCCC process; and
 - Explore issues, options, implications around REDD finance—institutional issues that need to be considered to establish efficient, effective, equitable framework for REDD.
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Introduction on Forum for Readiness for REDD—Tracy Johns, Policy Analyst, Woods Hole Research Center, Secretariat to the Forum on Readiness for REDD

Ms. Johns welcomed meeting participants, speakers and presenters, and thanked all for their commitment to help LDC negotiators overcome one of the most significant hurdles to effective participation in the UNFCCC negotiations- to wit, understanding how the negotiations work, how to negotiate, and differentiating between process and substance.

The Forum on Readiness for REDD has a representative multistakeholder advisory committee comprised of Indigenous Peoples, international NGO's, multilateral and bi-laterals. It is a loose collaboration among organizations and people with a focus on connecting priorities and needs within countries with adequate resources and appropriate expertise. The Forum works on practical approaches to readiness, is designed to respond quickly to needs and priorities and find synergies within organizations to fill gaps in knowledge and readiness. Activities include multi-stakeholder capacity building workshops and trainings such as this, the provision of background material on REDD readiness (REDD Overview Document) and the provision of resources to negotiators in the UNFCCC process (including technical guidance, translation of key documents, etc). For more information, please see www.theredddesk.org/reddready

UNFCCC Process Overview

Joy Hyvarinen, Foundation for International Environment Law and Development (FIELD)

Ms. Hyvarinen welcomed participants, and proceeded to describe the overarching objective of her presentation was focused on practical issues to help new members of delegations

determine what to look out for and how to keep informed. She recommended members of delegations utilize the Daily Programme, Earth Negotiations Bulletin, Third World Network, and ECO.

It is important to understand the structure of the UNFCCC negotiations. One important distinction for delegations to draw is between negotiating groups, UN regional groups, and negotiating bodies. Under the auspices of the UNFCCC, negotiating bodies are the AWG-LCA, AWG-KP, COP/CMP, SBI, SBSTA (SBI and SBSTA serve both COP and CMP).

The AWG-KP does not deal with the Convention, only with the Kyoto Protocol, whereas the AWG-LCA is about the Convention, the basis for its actions is the Bali Action Plan. It includes and covers: shared vision, long-term mitigation goals; the United States, (which is not a Party to the Kyoto Protocol), but is a Party to the Convention; mitigation by developing countries; adaptation, especially with regard to financing for adaptation; financing and technology transfer and capacity building are cross-cutting issues; measurable, reportable, and verifiable (MRV) of commitments and actions by developed countries, actions taken by developing countries, support for technology, financing, and capacity-building; REDD's relationship to MRV.

Ms. Hyvarinen noted that many developed countries want to see closer links between LCA and KP, and that many developing countries want to keep LCA and KP separate. Other presentation highlights included a brief history of the decision path for REDD +, links between REDD and LULUCF, non papers, protocol and amendment proposals, legal format and important negotiating tactics and strategies.

A number of clarification issues were raised following the presentation. These included whether REDD comes up under the KP; the challenge of draft negotiation texts being circulated only in English, the dynamics between new and seasoned negotiators within the UNFCCC, and clarification around which decisions are legally binding.

REDD comes up in KP under the discussion of CDM and flexible mechanisms, since REDD is being considered under the CDM. For the time being, doesn't seem like even the countries that are calling for expanded scope and really pushing too hard for it now. It was noted that for non native English speakers, there is an additional challenge to following and participating in the negotiations as the texts and supplementary materials are primarily published in English. Another participant noted that coupled with the substantive complexity of climate change negotiations, it is critical to understand the structure of the UNFCCC negotiation process, to avoid being procedurally bullied. Protocols and treaties are international law (hence legally binding). COP/CMP decisions are not legally binding, although they can still be used effectively.

Panel: Country Views on How to Finance REDD

Thais Linhares Juvenal, Director of Climate Change, Ministry of Environment, Brazil

Ms. Linhares Juvenal elaborated upon the Brazilian position on REDD finance, noting that finance is very controversial in negotiations not only between A1 and NA1, but also among developing countries. Brazil believes that REDD should be a specific item under negotiation, but the financing should be the same instrument as NAMAs. Raising funds for NAMAs and REDD separately will be too difficult, therefore one funding scheme for both elements would ensure financial mechanisms are not fragmented. These should be financed by public

funds, and REDD should follow a phased approach that is comprised of a readiness fund for capacity building, technology transfer and institutional arrangements and a market based phase that enables credits to count on the market. Brazil sees two primary challenges to having a market now: lack of consensus on methodologies, and disincentivizing A1 countries from appropriate mitigation plans. Methodologies for market mechanisms are very restrictive (e.g. forests in CDM). Putting REDD in a market now would be too difficult to achieve resources without consensus on methodologies. Secondly, forests are developing countries' functional equivalent of savings for mitigation of climate change. REDD is the cheapest way to mitigate for developing countries. Offering REDD to developed countries now uses up those cheap and available credits now, absent the certainty that those same countries will achieve the necessary level of mitigation.

Etienne Massard K.Makaga – Director General of Environment and Nature Protection, Gabon

Mr. Massard opened by stating that we know that REDD today is reducing emissions from deforestation and forest degradation—the question is *how* are we doing REDD? He noted that each country has its own view, and this is a problem we need to solve. At the beginning, REDD funding focused very heavily on the carbon market (in the context of FCPF). There is an opportunity to understand more about REDD and implementation in countries. The current negotiations include discussions about methodologies but not about what countries really want to put in REDD. Different countries have the same problem: they all need forests for multiple uses and need to attack the drivers of deforestation in order to maintain the forests and provide viable alternative livelihoods to communities to disincentivize deforestation. This will include proposing strategies for countries to find new ways to develop with regard to forests. President Sarkozy has recognized the need for forests to deal with climate change and that forests are a patrimony of humanity. Forests no longer play only a national role, but a global role. To start quickly with REDD, Mr. Massard asserted that countries and multi-laterals need to first determine which forests will be most needed to contribute to climate change mitigation. Then countries, with voluntary actions, can agree to contribute to those efforts. In closing, Mr. Massard explained that the financial mechanisms for REDD should be decided based upon the management vision for forests and REDD to contribute to mitigation efforts.

Leandro Fernandez, Climate Change Office, Secretariat of Environment Argentina

Mr. Fernandez explained how the land tenure system in Argentina has implications for financing, noting that 60% of forests in the country are private lands and the remaining under state or communities without a clear land tenure system. Forest governance in Argentina has three different levels—national, state, and program activities and projects. The national government can only set minimal requirements based on what is in the Constitution. Natural resources are under the jurisdiction of state governments. REDD financing is difficult because the national government has little power to set financial policies about natural resources. Forest Protection Law includes carbon stocks and establishes a regime for fund raising and distribution. There are three categories of state forest land planning: conservation; sustainable forest management; and sectors that can be transformed. Argentinean law established National Forest Fund (0.3% national budget, 2% agricultural tax on exports that is linked to soy exports, which is the main driver of deforestation. 30% of funding goes to State governments for enforcement, 60% to forest land

owners in Cat II, 10% to forest land owners in Cat I, (which has 60% forest land). A carbon market could complement Argentina's funding process.

Suchitra Changtragon, Department of National Park, Wildlife and Plant Conservation Department, Thailand

Ms. Changtragon stated that REDD+ presents a good opportunity for developing countries, and it should be focused only in the forestry sector, since NAMA is not clear at this point in time. National policy and circumstance should determine whether countries go to market or funds. The three phase process is a good plan. REDD+ should be flexible so that many developing countries can get involved. Thai would like REDD+ to be the way to tackle deforestation and degradation, but it should not prevent future development. Need to consider possible impacts on development. Thailand is developing remote sensing systems and it is a good opportunity for Thailand to contribute to South-South collaboration in SE Asia and work with other countries.

Moderator Charlotte Streck offered the following observations: We just heard from four countries with very different national circumstances and four country positions. It is clear that there is a need for flexibility. There is a theme around the question of what REDD means, both for countries and for the international community. Each country has to decide what REDD means for their forests, their communities. How to translate different mechanisms to the national level and how they interact with mechanisms with other national mechanisms and the international framework. Another common element is the need for phases.

DISCUSSION

Participants made a number of observational and clarifying interventions that spanned from policy approaches to Annex 1 emissions compliance and mitigation, utilizing REDD/ forests to reverse developed and developing country leadership dynamics and financial flows, and implications for market based approaches for Indigenous Peoples.

Developing countries are concerned that A1 countries may use offsets rather than reach their targets. The Brazilian position was noted as good by several participants precisely because it would drive countries toward their targets. Developed countries would be getting something for something. Another intervention emphasized the role of forests on the global level. To wit, the participant encouraged forested countries to lead with forests instead of being given the value of their forests by A1 countries or letting the market determine the value without determining the true costs of maintaining forests. To address the drivers of deforestation, developing countries will need to find viable alternative livelihoods, and account for all of the associated opportunity costs, stated this participant, changing livelihoods is not cheap. This will require a sober and clear understanding of what forests mean to different countries.

Another participant underscored the importance of the clarifying what constitutes the Readiness phase, which was seen to be the most critical. How long will it take for countries to be ready to participate in the market? What should the threshold mean and what standards must be reached? The participant asserted that the logical conclusion is a combination of markets and funds—and a phased approach is the best way to put forward

this combination. Another participant wondered whether Indigenous Peoples' lack of market engagement in the past has functioned to protect their forests, and if so, why now would we seek markets as the means of protection? Can we wait until we progress and find other sources of funding before we make a choice of how to fund? Indigenous communities are getting closer and closer to market economies, and this may be a problem for forests. Providing economic incentives to these people could be a solution, but it could be a problem, reiterated this participant. We seem to be coming to a consensus that we are going to need diverse sources of funding that includes funds and markets. Both have problems and need to be careful with both. Another participant intervened to say that the question is how REDD countries can hedge the currency of a carbon market? What kind of point are we going to negotiate to ensure that we get what we need in regard to our forests out of the market?

OSIRIS Decision Tool (Ralph Ashton, Terrestrial Carbon Group)

Mr. Ashton elaborated the context for the OSIRIS decision support tool, which includes issues of scale, scope, conceptual approach, sources of incentives (finance). Mitigation potential in different regions is different, which may lead to different views and priorities within REDD as well as different preferred methodologies. The OSIRIS decision support tool is designed to compare all the different proposals for how to set reference emission levels. It can generate outputs that are relevant to the current debate. The tool focuses on the questions of equity, efficiency, and equity. It uses flexible inputs to compare the impacts of different policy frameworks and to allow you to choose the factors that are most relevant to your circumstance. The modeling framework has several policy options built in, but new and other design options can be added and compared. Moving into Copenhagen, the group is working with country Parties to improve and add to model, so looking for input from countries.

REDD+ Institutional Options Analysis (Jake Werksman, Charlotte Streck, Mike Lesnick)

Michael Lesnick, Meridian Institute, introduced the report. Following the publication and distribution of the The REDD Options Assessment Report, significant questions remained with respect to what could happen with REDD+ with respect to institutional arrangements? What are some of the issues parties must think about as they move forward in the negotiations? The Institutional Options Analysis (IOA) is an independent, objective analysis of institutional options. It is not original analysis, but rather a compilation and explication of existing proposals and frameworks.

Jake Werksman, WRI and one of the report authors provided further background. This project looks specifically at the international response and institutions, although there will be institutions at multiple levels. The objectives of this assessment report are to lay out the principles, functions, and roles of different institutional models reflective of the negotiation context, including realistic expectations for COP 15, comparability and compatibility with NAMAs, and a 3 phased approach. An effective REDD+ institutional mechanism would have to serve many functions and meet many needs throughout the three phases. The report lays out the institutions that would be needed within a REDD+ mechanism and their roles, functions, and tasks. These institutions will need to exist at multiple scales—national institutions will be essential for REDD+ success.

Charlotte Streck, Director, Climate Focus and coordinating author of the IOA, then followed on with a brief overview of the institutional models examined in the report. Three international funding mechanisms (COP-mandated fund, REDD+ market, RED+ register)

were used as the basis on which to test institutional models. There is also growing support for an interim finance mechanism, which could start as early as 2010. It is likely there would be some kind of register in conjunction with interim financing. The models are as follows:

- REDD+/NAMA Register Model
 - Doesn't prejudge REDD+ being a NAMA or separate
 - Essential tasks = maintaining and operating register; approve or record strategies, metrics, transactions, support; third task?
 - Bilateral agreements between REDD+ country and developed country are how funds actually flow—this is recorded, but funds do not flow through register
 - No finance going through a register mechanism
- COP-mandated fund model
 - Fund administration options—this attracts a lot of discussion in negotiations. There are three models
- REDD+ market model
 - Assumes a number of criteria for both developing and developed countries
 - Additional tasks that would need to be exercised at the international level in order for a market to work effectively

The report also contemplates a timeline for REDD+ implementation and options for an interim financial mechanism.

DISCUSSION

Participants raised a number of discussion points about the relationships between CDM and REDD+, REDD+ and NAMAs, interim finance, the need to understand past failures as a basis for future financing innovations, government and land tenure reform and safeguards.

Many have agreed to consider that REDD could be a NAMA. Before this decision is taken, negotiators need to figure out what NAMAs are and where they are going. Clarification questions concerning interim financing went to whether interim finance for REDD readiness is a period or a concept. If parties agree the forest estate belong to all of humanity (patrimony of humanity), then bilateral agreements will not make sense. Report authors reiterated that they don't have a position on the issues, but tried to lay out all the options for available models. Some countries have said that they would likely pursue bilateral agreements, which is why they are included in this report. A question was posed as to whether readers might assume from the report that REDD and NAMAs will come together and that agriculture may be included. Funding mechanisms must be innovative and not repeat existing or past mistakes. Another intervener asserted that REDD can only be made to work in a global climate strategy because everything is connected—markets and agriculture and forests and climate. Another participant asked if reform is necessary for government and land tenure. When the discussion expands to agriculture and drivers, the intervener added, negotiators must consider food security. One of the main drivers of deforestation and forest degradation is the supply and demand for wood and wood products. Report authors clarified that the activities, criteria, policies, etc. outlined here are just examples of potential REDD actions and policies. While countries exercise sovereignty in regard to choosing policies and actions, project funders may impose conditions. Another intervention sought to clarify at which phase social and environmental safeguards are carried out. Report authors reiterated that they are not proposing policies, but that safeguards should be applied

whenever actions are taken that may impact people or environmental integrity. Another participant added that safeguards apply to projects. This is very different from REDD as a national strategy for sustainable development, asserted this participant, and therefore safeguards do not apply to REDD if it is being used as a national strategy.

Breakout Out Group Summary Reports

Following a lunch break, the group broke into three breakout sessions to explore what the different finance options/institutions might mean for national implementation. Highlights from the report outs follow.

Group #1

The group agreed that the institution of choice should operate differently than existing institutions. Performance-based institutions raised a lot of concerns, including conditionalities, changing conditions and benchmarks. The negotiated framework at the international level should reflect the interests of both donor and REDD countries. This involves ensuring that donor countries are also held accountable for their actions, including the consideration of MRV for finance. Performance of developed countries is what is going to determine the price of carbon and of credits so those countries have to be held accountable for their actions in order to make the whole system work. REDD+ countries are both hopeful and concerned that a deal on REDD finance will help overcome many of the inequities and inefficiencies of past experience. The concept of "results based" or "performance based" funding that is at the heart of promises for large scale REDD finance raises concerns about: conditionalities, unfulfilled commitments, tied aid, and intrusions on permanent sovereignty over natural resources re: imposition of environmental and social safeguards. These terms are likely to be harder to resist in the context of bilateral arrangements and therefore it will be the international institutions, such as the kind discussed here that will give voice to developing countries in setting these terms and conditions. It was also seen as crucial that REDD countries insist more on deep cuts in developed country emissions. Only if the costs of carbon is kept high by the demand for offsets will REDD countries likely receive a fair price for REDD credits.

Group #2

The rapporteur provided an explanation of the new Moore Foundation grant that will provide support at and in between negotiations. Specific questions relating to international negotiations you can be directed to FIELD and they will try to respond to them (contingent on the # of requests!). Briefing documents will be produced for Barcelona and Copenhagen. The information provided is completely neutral—goal is just to provide information about options and implications of options. FIELD is trying to be available to all developing countries. For Barcelona they will prepare 1) report with highlights of Bangkok session 2) short briefing paper on legally binding versus on legally binding 3) Look at REDD text coming out of Bangkok and try to determine what would fit into legally binding text and what might not be legally binding.

Group #3

Discussion ranged beyond OSIRIS. One idea that came up was that the discussion about how different country types are framed too narrowly, maybe need to consider additional factors such as population, population growth, GDP per capita, contribution of agriculture to GDP—are there patterns there? Work with negotiators here on bringing together an analysis. Question of degradation and what can be done 1) when looking at FAO FRA data sources—definitions are problematic. Where does deforestation stop and degradation start? 2) Has to be a national government understanding of what the country wants to do with its land if it is not going to deforest and what that means for its development pathway. Need for standard information base for forest countries to be able to negotiate REDD. Maybe Copenhagen is too early for REDD because forest countries don't have sufficient information to make an agreement that is truly in their national interest. Final point is a feeling that in the current negotiations there is too much lock in to what has been discussion and what has been conceptualized in the context of the preexisting information base. It may be necessary to reconceptualize the solution the same way they have reconceptualized the problem of deforestation and forest degradation.

Conclusion

Tracy Johns, Forum Secretariat thanked workshop funders (Norad and Packard), presenters and negotiators.