LDC PAPER SERIES

REDD+ prospects in LDCs

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KEY POINTS

- Well-designed activities related to Reducing Emissions from Deforestation and Forest Degradation (REDD) **can provide mitigation, adaptation, development and biodiversity benefits in LDCs**.
- Deforestation in LDCs represents nearly a third of tropical deforestation. **REDD+ should therefore be a key component of LDC mitigation actions.**
- Most LDCs lack **technical and institutional capacity** to implement REDD+, and will require additional support.
- LDCs receive a high proportion – 22 per cent – of total finance committed to REDD+ countries. The **continuing availability of finance for REDD+ readiness**, including for demonstration and capacity building activities, will be a key consideration for the Group.
- Sources of finance that are contingent on the delivery of Measured, Reported and Verified (MRV) emissions reductions **may be difficult for LDCs to access**, given their relatively low capacity to implement advanced MRV systems.
- Increased **donor coordination** and **improved fiduciary management capacity at the national level** can improve LDC access to international REDD+ finance.

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The authors are grateful to Donna Lee for her contributions to the document, and Keith Anderson and CDKN for their review comments.

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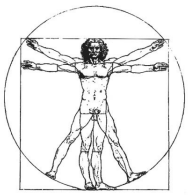
NOVEMBER 2013



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Importance of forests for LDCs

Forests are critical to the development and welfare of Least Developed Countries (LDCs), where they often provide a significant portion of household income.[1] Beyond timber and marketed non-timber forest products (NTFPs), forests sustain households with food, fuel, fibre and fodder. Hundred of millions, and perhaps more than a billion people worldwide depend on forests, particularly in developing countries.[2] This relationship can exist symbiotically, but with rising populations and resource constraints it can also lead to over exploitation of forest resources.

Deforestation in LDCs is primarily driven by small-scale subsistence agriculture, energy security and illegal logging.[3] LDCs are also increasingly producing large-scale industrial commodities such as palm oil, timber and soy to support increasing global demand. Striking a balance between growth and sustainability will be an essential consideration for LDCs.

The relative importance of forests across LDCs is very diverse.

LDCs vary enormously in terms of their forest cover and deforestation rates. Some countries, such as Rwanda, have effectively no forest cover, whereas others, including the Solomon Islands and Guinea-Bissau have over 70 per cent of land covered by forests. Similarly in some LDCs, like Bhutan and the Democratic Republic of Congo (DRC), historical rates of deforestation are very low, whereas in others, such as Tanzania or Laos, deforestation is more than twice the global average.

Based on forest cover and deforestation rates, LDCs can broadly be grouped into six different groups (see Table 1 on the next page). LDCs across these groups will have very different opportunities and needs in terms of both climate change mitigation and adaptation.

Forests and mitigation in LDCs

While greenhouse gas (GHG) emissions from LDCs are small, a relatively high proportion of them are from land use change and forestry (LUCF).

In 2009, GHG emissions from LDCs were five per cent of global emissions.[4] Emissions from LUCF, however, are a far greater proportion of emissions in LDCs than other countries. Net LUCF emissions in 2009 accounted for 25 per cent of LDC emissions, compared with 5 per cent in non-LDCs.[5] As such, reducing emissions from deforestation and forest degradation represents a significant opportunity for LDCs to contribute to climate change mitigation.

Table 1: LDC categorisation based on forest cover and annual change in forest area

(Categories are based on a cluster analysis of deforestation rates and forest cover. Countries in bold are engaged in one or more REDD multilateral programme)

		Forest Loss (per cent change per year)	
		Low (<0.4)	High (>0.4)
Forest Cover (per cent land cover)	Low (<27.5)	Afghanistan **Bangladesh** Djibouti Eritrea Kiribati Lesotho **Nepal** Rwanda Yemen	**Burkina Faso** **Burundi** **Chad** Comoros **Ethiopia** Guinea Haiti **Madagascar** Mali Mauritania Niger Somalia **Togo** **Uganda**
	Middle (50 >x> 27.5)	Angola **Central African Republic** Gambia Sao Tome and Principe **South Sudan** **Sudan** Tuvalu **Vanuatu**	**Benin** **Liberia** **Mozambique** **Myanmar** Malawi Senegal Sierra Leone Timor-Leste **United Republic of Tanzania**
	High (>50)	Bhutan DRC Samoa Solomon Islands Zambia	**Cambodia** Equatorial Guinea Guinea-Bissau **Laos PDR**

As a group, LDCs represent a third of forest loss in developing countries.

All 154 non-Annex I countries are potentially eligible to receive support for REDD+ through a future UN mechanism. LDCs make up for 27 per cent of total forest cover in non-Annex I countries, and represent 29 per cent of gross forest loss in these countries from 2005-2010.[6]

Forests and adaptation in LDCs

Forests can support adaptation in LDCs, which are among the most vulnerable to the impacts of climate change. Seven of the ten most vulnerable countries are LDCs[7] and ten LDCs are Small Island Developing States (SIDS). Rainfall in Africa has declined and drought events are more variable on an annual and seasonal basis.[8] In Asia, climate change is

expected to increase water stress across arid and semi-arid regions, leading to increased rainfall intensity in monsoon-affected areas.[9] Southeast Asia has already experienced a range of impacts from climate extremes, including increased frequency and intensity of heat waves, droughts, floods and cyclones.[10]

Diverse and intact forests are critical to improving resilience and adaptation to climate impacts. Mangroves and coastal forests provide a buffer for coastal flooding; forests can help retain soil under increased rainfall; and forests can provide alternative sources of food and fibre if crop yields are low.

With proper design and policy planning, LDCs can design REDD+ interventions that support adaptation.[11] They could, for example, prioritise protecting forests (including mangroves) in key coastal zones, increase food security through ensuring forests provide key ecosystem services (such as soil, water, pollination), and broadly support resilience of households and economic sectors dependent on forests.

Forests can provide critical non-carbon benefits in LDCs.

Forests in LDCs will be first and foremost a development concern. Ensuring that forests contribute to the welfare of rural communities as well as national development goals will be an essential consideration for LDCs. Forests are also a habitat for biodiversity and a source of ecological function. Through these, forests provide multiple ecosystem services. Pollinators need intact habitat to survive and pollinate crops, trees increase soil retention in arid or sloped landscapes, and many people derive spiritual or cultural value from forests. Additionally, although the relationship between forests and water is complex, in many places forests help regulate water quantity and quality.[12]

A brief history of REDD+

Parties to the UN Framework Convention on Climate Change (UNFCCC) made a commitment to address both emissions and removals from forests under Article 4. This resulted in an accounting framework for developed countries under the Kyoto Protocol that includes forests, but developing countries were largely omitted from opportunities for forest-based mitigation and adaptation.

Under the Clean Development Mechanism (CDM), developing countries could generate emissions reductions through afforestation and reforestation projects. Deforestation, however, which represents the vast majority of developing country mitigation potential,

was not allowed, because it was considered too difficult to measure with sufficient accuracy, and Parties had concerns over the permanence of emissions reductions from deforestation and leakage in project-based approaches. Complex requirements under the CDM have been a barrier, in particular, to LDC participation.

REDD+ provides an opportunity for increased inclusion of forest activities in a global climate change agreement.

In 2005, at COP 11 in Montreal, several developing countries requested that a new, separate item on deforestation be added to the UNFCCC agenda. The scope was initially limited to "reducing emissions from deforestation in developing countries", or REDD.[13] Subsequently, the concept has expanded to include not only deforestation, but also forest degradation, the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks – together known as REDD+.

REDD+ was included in the Bali Action Plan agreed at COP 13 in Bali, in 2007, further consolidating its place in a future international climate agreement. At COP 15 in 2009, in Copenhagen, forests were described as having a "crucial role" in global mitigation efforts.[14] The following year, at COP 14 in Cancún, a more detailed REDD+ decision was agreed, which encouraged developing countries to contribute to mitigation through forest-related activities and provided guidance and a framework for undertaking such actions – including development of national strategies, reference levels, monitoring systems, and the application of social and environmental safeguards.[15]

Many countries expect discussions under the UNFCCC to result in a mechanism that will help to finance the collective and agreed goal to "slow, halt, and reverse forest cover and carbon loss".[16] There is agreement that REDD+ should occur in three phases (readiness, demonstration and performance-based payments),[17] which will eventually culminate in results-based actions that should be fully Measured, Reported and Verified (MRV).

Where such payments will come from, however, remains a contentious issue with some supporting market-based mechanisms and others preferring non-market finance. Financing the integration of other issues into REDD+, such as adaptation and other non-carbon benefits (for example, biodiversity, livelihoods, ecosystem services protection) also remains an open question.

LDC submissions on REDD+

While the LDC Group has made few submissions on REDD+, many submissions have been made by LDCs individually or as part of other groups such as the Association of South East Asian Nations (ASEAN), the Like Minded Group,[18] and the Coalition for Rainforest Nations

(CfRN).[19] In February 2012, in a submission on behalf of the LDC Group, the Gambia made the following points on modalities and procedures for results-based finance:[20]

- **The focus on results-based finance for REDD+ must not put LDCs at a disadvantage.** LDCs must be given priority support in areas including capacity building, technology development and transfer, demonstration activities and policy development and implementation.
- **LDCs have urgent funding needs to enable them to prepare for and implement REDD+**, and despite various international REDD+ initiatives, large gaps remain. Allocation of funding, including under the Green Climate Fund (GCF), should prioritise the needs of LDCs.
- **LDCs oppose the inclusion of REDD+ in carbon trading mechanisms** that will allow developed countries to offset emissions without providing adequate domestic emission reductions.
- **Funding for results-based actions should consider both carbon and non-carbon benefits from forest**, and REDD+ finance should directly support forest dependent people.

On addressing the drivers of deforestation and forest degradation, the LDC Group submission noted that **LDCs need guidance on how to integrate REDD+ across different related sectors**, such as agriculture, energy and mining. It called for **guidance and guidelines from the Intergovernmental Panel on Climate Change (IPCC)** to be used for REDD+.[21]

On national forest monitoring systems, the submission noted that **modalities for national forest monitoring systems should allow for flexibility,** so that countries with different capacities can be accommodated. [22]

Status of implementation of REDD+ in LDCs

Despite slow progress under the UNFCCC, in particular the delay in negotiating a new climate agreement in which a REDD+ mechanism might be included, a number of countries are moving forward to create or pilot a range of financing mechanisms for forests.

In the 2010-2012 period, nearly US$ 4 billion in international support had been pledged and allocated to REDD+,[23] mainly through bilateral channels. These include Norway's bilateral arrangements with Brazil, Indonesia and Guyana, and Germany's emerging REDD Early Movers programme. Many developing countries also receive finance through

multilateral REDD+ funds, and the voluntary carbon market provides a notable amount of finance each year, estimated at US$ 237 million in 2011.[24] Little is known about the scale of private finance and domestic funding for REDD+ programmes, but the amount is likely to be significant.[25]

LDCs receive a large share of international finance for REDD+, relative to their small share of developing country GDP.

On aggregate, relative to the size of their economies, LDCs receive a large share of REDD+ finance. For instance, LDCs accounted for just 2 per cent of the GDP of non-Annex I countries in 2012, but 22 per cent (US$ 1 billion) of the total finance committed to REDD+ countries during the 2010-2015 period.

Of the US$ 1 billion committed to LDCs, 70 per cent is allocated to 10 countries.

Given the high percentage of LDCs in Africa – with the exception of Lao PDR and Nepal – the majority of REDD+ finance has been committed to African countries (see Table 2 on the next page). The divide between bilateral and multilateral REDD+ finance to LDCs is roughly equal, at 57 per cent and 43 per cent respectively. The majority of multilateral finance is being channelled through the Forest Investment Programme (FIP), which has pledged around US$150 million to the DRC, Lao PDR, and Burkina Faso. Bilateral finance is from a range of donors including Germany, Japan, Norway, USA and the UK.

Half of LDCs are participating in multilateral REDD+ initiatives.

Many of the LDCs that are highly forested in absolute terms are receiving, or have access to, international support for REDD+ readiness activities (see Table 2 on the next page). Of the 49 countries categorised as LDCs, 24 participate in the UN-REDD Programme, Forest Carbon Partnership Facility (FCPF), and/or FIP. Among these, a few participate in more than one programme. Of the 25 countries that have not yet engaged in multilateral REDD+ programmes, at least two countries, Angola and Mali, have globally significant forest area.

Bilateral and multilateral REDD+ finance covers a range of activities including capacity building, demonstration and pilot activities, design and implementation of monitoring systems and reference levels, governance reforms, and strategy development. As expected, given the shortfall in capacity in developing countries, a large part of finance is going

Table 2: Top 10 recipients of REDD+ finance commitments to LDCs as reported by funders (US$ million)

Country	Region	Bilateral	Multilateral	Total
DRC	Africa	38.9	142.8	181.7
Lao PDR	Asia	86.4	42.0	128.4
Tanzania	Africa	75.7	18.4	94.0
Nepal	Asia	73.5	3.9	77.4
Burkina Faso	Africa	35.8	39.3	75.0
Mozambique	Africa	38.6	3.7	42.3
Ethiopia	Africa	18.1	19.9	38.0
Central African Republic	Africa	16.7	16.3	33.0
Mali	Africa	13.1	19.0	32.1
Total	-	**396.7**	**305.2**	**701.9**

Source: REDD+ Partnership Voluntary REDD+ Database, http://reddplusdatabase.org/

towards capacity building. For example, the DRC reported that six out of seven activities receiving international funding for REDD+ were to build capacity and local awareness.[26]

Challenges

More than half of the LDCs participating in multilateral REDD+ programmes have developed national readiness plans, which yield a number of important lessons:

LDCs often lack the institutional and human capacity to absorb international finance for REDD+. This includes the capacity to manage funds and set up appropriate financial architecture; access finance from multiple, fragmented sources; and/or ensure compliance with donor safeguards and other implementation standards.[27]

LDCs lack the technical capacity to implement forest monitoring systems and accurately MRV emissions reductions. Specific issues raised in LDC case studies include a shortage of information about forest and carbon resources, and a lack of capacity to design and implement protocols for data collection and analysis, to provide sufficient evidence to an independent verification process.[28]

Tropical forest countries that experience high levels of deforestation and forest degradation are often characterised by poor law enforcement.[29] This is especially true in LDCs that have weaker institutions and levels of governance generally. The ability to enforce laws will be a key barrier in the implementation of REDD+ activities in LDCs.[30]

LDCs need to secure and clarify resource tenure. Areas of high forest carbon density often overlap with areas of low security in land tenure.[31] This is a particular issue for many LDCs, where land ownership is often insecure and there is a lack of recognition of land rights, or laws contradict each other about such recognition.[32] In some cases, customary rights may be recognised to a degree, but the legal structure is still restrictive and marginalises vulnerable groups.[33] Further, many resource rights overlap with statutory forest rights often predominantly owned by government, particularly in Africa.[34]

The risk of corruption in the forest sector is common in LDCs. For example illegal and artisanal logging can be connected to public leadership or the military. Managing the risk of corruption in REDD+ will require parallel efforts to increase transparency; educate citizens about REDD+ and their related rights and responsibilities; educate public authorities on the benefits of REDD+ to their country's development; and improve capacity to manage REDD+ activities and finance.[35]

More work is needed to address the drivers of deforestation. Addressing the direct and indirect causes of deforestation and forest degradation requires not only finance and technical capacity, but also cross-sectoral cooperation, as most of the drivers are outside of the forest sector (such as agriculture, energy needs and mining). A thorough assessment of the drivers of deforestation in LDCs is still lacking. Preliminary analyses, however, highlight energy use (fuel wood and charcoal production), subsistence and small-scale farming, and illegal logging as primary drivers of deforestation in LDCs.[36]

Improvement of policy coherence must take place at the legal and institutional levels. Experiences across Asia and Africa indicate that in many LDCs, government ministries often have conflicting or overlapping mandates, and that cooperative planning is rare. It is essential that conflicting laws be clarified to improve the effectiveness of REDD+ activities, by removing direct legal conflicts and clarifying overlaps and ambiguities.

LDCs will find it difficult to attract private sector investment in REDD+, due to the challenges of doing business in these countries. Certain financing solutions can help overcome this challenge.[37] For example, the use of tools such as political risk insurance has been successful in Cambodia and Nicaragua.[38] The use of such tools will have limitations, however, as they may become prohibitively expensive in countries with extremely difficult investment climates.

REDD+, LDCs and a future climate agreement

Negotiations under the UNFCCC have focussed on a range of financial, technical and institutional issues beginning at COP 13 in Bali and codified more formally in a programme of work outlined at COP 16 in Cancún, in 2010. With the closure of the Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA) at COP 18 in Doha, REDD+ is now being negotiated under the UNFCCC's Subsidiary Body for Scientific and Technological Advice (SBSTA), Subsidiary Body for Implementation (SBI) and directly under the COP.

Technical issues are still being discussed and negotiations at COP 19 in Warsaw will continue on results-based finance; non-carbon benefits; drivers of deforestation, MRV; and technical assessment of reference levels. In addition, negotiations on REDD+ follow a broader discussion on mitigation and adaptation in developing countries.

The following sections outlines the key negotiations on REDD+ since Bali and their implications for LDCs, and concludes with an analysis of the relationship between REDD+ and the broader agenda for developing countries, and implications for the negotiations.

Finance

There is broad agreement that multiple financing options will be required for REDD+.[39] At COP 18 in Doha, in 2012, a specific Work Programme on Results-Based Finance for REDD+ was created, to contribute to efforts to scale-up and improve the effectiveness of finance for REDD+ activities, and report back to COP 19 in Warsaw.[40] The Work Programme is considering ways and means to transfer payments for results-based actions; incentivise non-carbon benefits; and improve the coordination of results-based finance for REDD+.

Despite the ongoing focus on results-based finance, an important consideration for LDCs will be the continuing availability of finance for REDD+ readiness.

Some developing country Parties have raised concerns that readiness finance is inadequate and difficult to access. Further, the disbursement of current pledges is slow[41] and the adequacy, predictability and sustainability of readiness finance in the future is unclear, particularly with the sunset clauses of major multilateral REDD+ financing entities such as the FCPF and UN-REDD. In earlier discussions, the LDC group has promoted public funding for readiness actions[42] and suggested prioritising readiness support for its member countries.[43] The former appears to be broadly agreed, and is the *de facto* state of readiness finance. Regarding the latter, many agree that finance should be distributed equitably across developing countries, based on abilities and needs.

Safeguards

Seven broad safeguard principles were established at COP 16 in 2010, with the aim of mitigating potential social and environmental risks and addressing multiple benefits in the implementation of REDD+.[44] In the following year at COP 17 in Durban, it was decided that Parties undertaking REDD+ activities "should provide a summary of information on how the safeguards are being addressed and respected," using safeguard information systems (SIS). Information provided through SIS should be transparent and consistent; updated on a regular basis; complete (across all safeguards); country-driven and implemented at the national level; and build upon existing systems.[45]

SBSTA 38, in Bonn in 2013, recommended a draft decision for adoption by COP 19 on the timing and frequency of the summary of information for safeguards; and the sharing of lessons on safeguard processes and SIS through submissions and the UNFCCC Web Platform. SBSTA also agreed to compile submissions on the type of information that could be provided by countries, and to consider the need for further guidance relating to safeguards at COP 20 in 2014.[46]

LDCs will need additional support and guidance in the implementation of safeguard information systems

The UNFCCC guidelines have given considerable flexibility over how the safeguards may be applied and the kind of information to be monitored. The language on "transparency" and "flexibility to allow for improvements" is particularly important for implementing safeguards in LDC countries. Transparent systems can foster good governance and investor confidence, while allowing for gradual improvements can incentivise readiness finance and participation of LDCs.

Non-carbon benefits

At COP 18 in Doha, Parties began work on non-carbon (social and environmental) benefits (NCBs) resulting from REDD+ activities. At SBSTA 38, Parties agreed that "it is important to take into account non-carbon benefits" when implementing REDD+ activities. The question remains, however, whether REDD+ finance should go beyond minimum requirements to recognise NCBs more explicitly.

While LDCs have called for the incorporation of NCBs in results-based finance, doing so would require additional capacity that is mostly lacking in these countries.

It is difficult to attribute NCBs to specific REDD+ interventions, and any attempt to do so would require additional monitoring capacities and MRV modalities and metrics, which might be difficult to define due to the varying nature, level, and priority of NCBs in different

countries. Further, there is a lack of experience of measuring such benefits at the national level in most LDCs.

Integrating NCBs into REDD+ can take a variety of pathways, including linking NCBs to carbon payments (for instance, as developed by the Climate, Community and Biodiversity Alliance), creating a separate payment stream for NCBs, or strengthening and standardising safeguards (i.e. essentially becoming eligibility requirements for payments). SBSTA requested Parties to submit their views on NCBs to the UNFCCC secretariat by 26 March 2014, for consideration at COP 20 in Peru in 2014.

National Forest Monitoring Systems

National forest monitoring systems (NFMS) are primarily a tool to allow countries to collect a broad range of forest information for REDD+ as a "basis for estimating anthropogenic forest-related greenhouse gas emissions by sources, and removals by sinks, forest carbon stocks, and forest carbon stock and forest-area changes".[47] Parties at COP 15, in Copenhagen, requested developing countries to "establish, according to national circumstances and capabilities, robust and transparent national forest monitoring systems".

These NFMS should be guided by the most recent IPCC guidelines, use a combination of remote sensing and ground-based forest carbon inventory approaches, and provide estimates that are transparent, consistent as far as possible accurate, and reduce uncertainties over time. Data from NFMS may be used to justify performance-based payments, particularly if transparent and suitable for review.

LDCs have relatively low capacity to implement NFMS due to the complex technical and methodological requirements these systems entail.

A recent assessment of capacities of non-Annex I countries for NFMS found very large capacity gaps in forty-nine countries, mostly in Africa. LDCs with significant emissions through forest degradation will face additional challenges due to the complexities in monitoring degradation through remote sensing. South-south capacity exchanges and access to support from developing countries will be essential in addressing these gaps. The decision under the UNFCCC to improve NFMS over time is an important provision for LDCs, but will have very little ability at the outset to generate robust forest monitoring data.

MRV

MRV systems build upon forest monitoring data to estimate and report GHG emissions by sources and removals by sinks, and forest carbon stocks. The most comprehensive text discussed to date on forest-related MRV are the draft conclusions from Doha, which provide some indicative guidance for a future MRV decision.[48] The draft text highlights the

linkages between MRV systems and reference levels. Both should be: measured in tonnes of carbon dioxide equivalent per year; constructed in a way that is consistent over time and with each other; and can be improved over time as information and capacity increases. The draft conclusions also point out that countries need additional financial, technical and capacity support to implement MRV systems.

LDCs have limited commitments for MRV under REDD+.

Under the draft Doha text, reporting is tied to the broader MRV decision taken at COP 17, which calls for biennial update reports (BURs) from developing countries.[49] Under this decision, special consideration and additional flexibility is given to LDCs and SIDS to submit BURs at their discretion.[50]

A range of options have been put forward for REDD+ verification, including the International Consultation and Analysis (ICA) process which has been adopted for NAMAs more broadly, and an "independent, international verification process, undertaken by experts drawn from the roster of experts".[51] Under the former approach, ICA of BURs would occur six months after submission of the first reports, and again special consideration would be given to LDCs, "determined by the frequency of the submission of biennial update reports". It is unclear what discretion would be provided to LDCs under an independent international verification process.

Reference levels

At COP 17 in Durban, in 2011, Parties decided that reference levels are the benchmarks for assessing national performance in implementing REDD+, and invited countries to submit their proposed reference levels, accompanying information and rational on a voluntary basis.[52] Detailed guidance was provided in an Annex for how countries should develop their reference levels, which states that reference levels should:

- be expressed in tonnes of carbon dioxide equivalent per year. Other metrics, such as forest cover, are not acceptable under the UNFCCC;
- maintain consistency with national GHG inventories, including existing definitions of forests, and the most recent IPCC guidelines;[53]
- have a strong rationale if adjusting from historical levels. If adjustments are made, countries are required to submit details of the national circumstances that were taken into account, and how;
- allow for a step-wise approach. The decision enables reference levels to be improved over time by incorporating better data, improved methodologies and, where appropriate, additional pools; and

- allow for the use of sub-national reference levels as an interim measure. Countries are expected, however, over time to transition to a national reference level.

At SBSTA 38 in June 2013, Parties initiated the work of developing detailed guidance and procedures for the technical assessment of reference levels. This work will be completed at COP 19 in Warsaw.

Given their relatively low capacity to implement advanced MRV systems and reference levels, LDCs may be unable to access certain sources of finance that are contingent on the delivery of fully MRV-ed emissions reductions.

Given the close link between finance, MRV and reference levels it is likely that the type of finance that supports results-based actions will define the level of precision in the MRV and reference level system. If a carbon market is negotiated under the future climate agreement, which accepts emissions reductions from REDD+, it is almost certain that such a mechanism would preclude actions that are not MRV-ed to a robust level. Other sources of finance may also be contingent on the ability to fully MRV emissions reductions, and would not be available to LDCs if they lack robust MRV systems.

Drivers of deforestation and forest degradation

At SBSTA 38, Parties worked on a draft decision on the drivers of deforestation and forest degradation. The draft decision reaffirms the importance of addressing drivers in the context of national strategies; recognises the importance of cross-sectoral coordination in the context of the development of national strategies or action plans; recognises that international cooperation can contribute to addressing drivers; and calls on Parties, organisations and the private sector to take action; share the results of work on drivers via UNFCCC Web Platform; and to take note of such shared information.[54] It is unlikely that the UNFCCC will make more detailed recommendations on drivers.

Institutions

REDD+ currently lacks an agreed institutional arrangement to guide its implementation. At COP 16 in Cancún in 2010, Parties agreed to look further into results-based finance for REDD+ with the aim of scaling up and increasing the effectiveness of finance for REDD+ activities.[55] An informal workshop was held during an intersessional meeting of the AWG-LCA at Bangkok in 2012, and discussions covered a range of areas, including ways to improve the institutional arrangements for REDD+.[56] At COP 18 in Doha, Parties further submitted their views on this issue. A summary of the key elements that are being discussed in the context of REDD+ institutions follows.

Increased coordination between international sources and improved fiduciary management capacity at the national level would enable LDCs access to international REDD+ finance.

The fragmented landscape of REDD+ finance is a major obstacle in accessing REDD+ finance. There are multiple entities providing finance, with few common standards to guide eligibility and little clarity on how finance should be distributed. Further, each entity has different fiduciary, reporting, and safeguard procedures, making the process of accessing REDD+ finance costly and technically challenging for recipient countries.

Increased coordination could be achieved by either implementing a new international governing body for REDD+ (including finance), or by clarifying and strengthening the linkages between existing multilateral and bilateral bodies and processes. A REDD+ coordination body or committee that works under the guidance and authority of the COP has been proposed by several Parties to "oversee, address and facilitate the implementation of REDD+ activities in developing countries, including the provision of financial support, capacity development and technology".[57] There was little agreement at SBSTA 40 in 2013 on whether such a body was needed and whether it could be established in sufficient time to be effective. Discussions on a possible REDD+ committee will continue at COP 19 in Warsaw.

If a REDD+ information hub is developed, LDCs could engage with it according to their national circumstances and capacities.

A REDD+ information hub (or registry) has been discussed to track the financial support and the outcomes of REDD+ activities,[58] provide transparency, and avoid double counting and reporting of REDD+ activities. Many questions remain around the role of a REDD+ hub, including whether there should be a link between the existing NAMA registry[59] and a proposed REDD+ information hub. At the workshop held in Bangkok in 2012, Parties informally requested SBSTA to develop further guidance on this issue.

This could require the development of a national registry that coordinates with an international registry. Some LDCs would be more able than others to engage – for instance, the DRC has already implemented a registry at the national level.[60]

Land use and REDD+ in a future agreement

The role of land use has historically held a unique place in international climate negotiations – no other sector with mitigation potential has such prominence, explicit mention, and even a separate track in the negotiations. This is partly because emissions from land use are more difficult to regulate compared with point sources (such as in the

energy sector), and because of technical concerns over the non-permanence of carbon stocks and the effect of natural disturbances such as fires, droughts and insects.

While REDD+ has tended to remain separate to date from the broader negotiations, it now needs to find a home within the overall international agreement on climate change.

REDD+ has similarly, largely progressed separately from the broader mitigation discussions under the UNFCCC. Many countries have worked continuously to keep REDD+ separate for fear of being held back by the slow pace of the mitigation discussions, and for fear that the forest-related discussions will be driven solely by global mitigation objectives and ignore the other benefits forests provide to local communities. While some countries view REDD+ as a subset of NAMAs, others would like to create a separate and distinct REDD+ mechanism.

REDD+ now needs to tie in with the broader discussions on mitigation and adaptation in order to link up with international climate finance, and ensure a smooth pathway is created for least developed, developing, and emerging economies to transition from being recipients of climate-change finance to increasing commitments as envisaged under the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP). Parties have expressed a range of opinions on how best to accommodate REDD+ within the broader climate-change agreement. Table 3 below highlights key differences in the treatment of land use under the UNFCCC (and its requirement for all countries to report on GHG emissions using IPCC guidance), Land Use, Land Use Change and Forestry (LULUCF) under the second commitment period of the Kyoto Protocol, and negotiations to date on a future REDD+ mechanism.

Table 3: Key differences in the treatment of land use under the UNFCCC, LULUCF and REDD+

	UNFCCC reporting	LULUCF under the second commitment period of the Kyoto Protocol	REDD+
Scope	Comprehensive coverage of all land use emissions and removals, including: ● Forest land ● Cropland ● Grassland ● Wetlands ● Settlements ● Other land	Mandatory: ● Afforestation ● Reforestation ● Deforestation ● Forest management Voluntary: ● Cropland management ● Grazing land management ● Re-vegetation ● Wetland drainage and re-wetting	Voluntary forest-related activities:[61] ● Deforestation ● Degradation ● Conservation ● Sustainable management of forests ● Enhancement of forest carbon stocks

	UNFCCC reporting	LULUCF under the second commitment period of the Kyoto Protocol	REDD+
Scale	National	National	National, with sub-national as an interim step
Level of ambition	Reporting only. Under the Copenhagen Agreement, countries made economy-wide voluntary commitments to 2020	Countries take on legally-binding economy-wide targets, with liabilities if commitments are not met	Unclear to date whether "positive incentives" include responsibility for liabilities (e.g. requirements for insurance, buffers or other guarantee mechanisms related to the non-permanence of forests)

There are currently too many uncertainties to speculate how REDD+ might ultimately appear in a new climate agreement.

Many countries, however, expect the REDD+ outcomes to be consistent with the other elements of the ADP that are currently being negotiated. These include:

- **Legal form:** The legal form of the outcome of the ADP is still not decided – for instance, whether it will be flexible (based on a pledge and review approach) or regulatory (legally binding with compliance implications); whether it will be in addition to, or subsume, the Kyoto Protocol; and what the level of post-2020 ambition will be. A more stringent outcome will increase the opportunity for REDD+ finance through market mechanisms.
- **Equity:** Also important is whether and how a new agreement might differentiate among countries (for instance, between developed, emerging, developing, and least developed countries) and how the principle of "common but differentiated responsibilities" is defined. In particular, there is as yet no agreement on how to manage emerging economies (such as Brazil and Mexico) that are likely to be required to make domestic emissions reduction commitments, but may also want to participate in market mechanisms for additional actions beyond such commitments.
- **LULUCF:** REDD+ will be affected by whether, and how, developed countries are willing to make commitments in the land use sector, including for accounting of agriculture, forests and other land use (AFOLU). It is unclear as yet whether the current LULUCF agreement under the Kyoto Protocol will continue or be renegotiated under the Durban Platform. This includes provisions for the development of forest management reference levels, which will set a precedent for REDD+ reference levels.
- **Finance:** It is also unclear how the GCF, whose operational modalities are currently being discussed by the GCF Board, will operate with respect to REDD+ and NAMAs. Many Parties have called for a REDD+ funding window under the GCF.[62] Developed countries have made clear that the pledge to "mobilise" US$100 billion includes

private sector finance – and only a portion will come from public sources or financial transfers. This will have implications for the scale of public sector finance available for LDCs. The GCF currently recommends REDD+ implementation and sustainable forest management to support the dual goals of mitigation and adaptation.[63]

- **New market mechanisms:** The new market mechanisms (NMM) discussion is developing modalities for sectoral market based approaches, one of which could be in the forest sector. REDD+ will need to be consistent with approaches and methodologies taken broadly for sectoral mechanisms, which closely resemble the direction of REDD+ (national or sub-national actions in the forest sector) versus a project-based approach.

How these pieces will fit together in a final agreement is not yet clear. To date, informal discussions among countries considering how land use and forests could fit into a new agreement appear to favour the construction of a consistent framework across the entire agreement related to land use.

LDCs will face fewer requirements than developing and emerging economies. It is still useful, however, for REDD+ negotiators from LDCs to engage in the broader context of the REDD+ negotiations as they relate to Annex I countries and emerging economies – not only to understand the dynamics of the negotiations, but also with the perspective of developing national REDD+ systems that are consistent with a smooth transition to meet international requirements, as in-country capacities improve in future.

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17 *ibid*.

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19 See http://www.rainforestcoalition.org for more details of Coalition members

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