

Sixth Meeting on the Coordination of Support for the Implementation of Activities referred to in Decision 1/CP.16, Paragraph 70 (REDD+)

25 June 2019, 1600–18:00h

Altes Hochhaus, Upper Conference Room, UN Campus
Bonn, Germany

Facilitator' Summary of Key Messages

I. Introduction

In accordance with decision 10/CP.19, paragraph 4, the Conference of the Parties (COP) encouraged national entities or focal points, Parties and relevant entities financing REDD+ activities to meet on a voluntary basis to address the needs and functions related to the coordination of support for the implementation of the activities and elements related to REDD+.

The sixth voluntary meeting was held on 25 June 2019, in conjunction with the fiftieth session of the subsidiary bodies of the UNFCCC and was facilitated by Mr Tosi Mpanu-Mpanu (Democratic Republic of the Congo and CfRN co-chair). Co-facilitation was also offered to developed countries but the group failed to provide any representative to take up that role.

Both COP24/CMP14 Presidency (Poland) and incoming COP25/CMP15 Presidency (Chile) recognized the importance of the meeting.

Parties, their REDD+ focal points and other relevant stakeholders, including civil society, participated at this meeting. It was attended by approximately 100 participants.

A. Opening of the Meeting

At the opening, the facilitator welcomed the participants to the meeting and introduced the agenda.¹ The facilitator expressed his disappointment for the absence of representatives from developed countries and stressed that the presence of one facilitator only should not be considered a precedent with the hope that in the future our colleagues will be more willing to cooperate and engage.

He reiterated that this meeting is mandated by COP decision 10/CP.19, paragraphs 4 and 5 and as such it has and will run annually at each session of the subsidiary bodies. He indicated that the meeting is open to all Parties, observers and entities working and contributing to REDD+ implementation, focusing on finance.

The facilitator highlighted the importance of REDD+ in the context of the Paris Agreement especially in light of the IPCC Special Report on 1.5 degrees. He stressed that now more than ever forests are key to increasing mitigation ambition and as indicated in a recent study arguing

¹ All information and presentations at the meeting are available here: <<http://redd.unfccc.int/meetings/voluntary-meetings.html>> .

that reforesting all possible degraded land areas, meaning 1 billion hectares, may have the potential to remove almost a decade of atmospheric GHG emissions. He reiterated the importance of scaling up REDD+ implementation while transitioning to renewable energy and that this cannot be understated in both 1.5°C and 2°C scenarios.

The facilitator thanked the COP presidencies who have shown dedication and commitment in the past to preside over the annual meeting of REDD+ national focal points. He also noted that decision 10/CP.19 does not oblige the COP presidency to chair this meeting. The facilitator appointed Nathalie Flores, Ines Rodier and Eloïse Guidi as Rapporteurs. He then thanked the UNFCCC secretariat for facilitating the organisation of this meeting as required by decision 10/CP.19.

II. Substantive matters discussed at the meeting

A. Session I: Forests, science and climate

Summary of key issues raised during the first session:

- The first session consisted of representatives from the Coalition for Rainforest Nations and from the civil society, notably the Climate Action Network (CAN)
- The main messages from this session included: i) REDD+ is a key instrument to mitigate climate change and reach the 1.5C target; ii) implementation of REDD+ needs to be based on UNFCCC decisions and IPCC guidance; iii) need to secure private sector engagement; iv) halting biodiversity loss and mitigation of climate change need to proceed in parallel; v) restoration of primary rich ecosystems need to be integrated in NDCs as mitigation actions

1 – Kevin Conrad from the **Coalition for Rainforest Nations** addressed the importance of the role of forest in light of the 1.5°C objective in the Paris Agreement. In particular, he addressed the following points:

- REDD+ Mechanism approved by UN under PA can sustainably reverse climate change at scale
- Only mechanism that incorporates financing of climate change mitigation
- REDD+ is the mechanism that will help us achieve the PA goals by stocking carbon in the ground
- REDD+ gives 10 additional years to the countries to reach the “nose dive” 1.5 C° target
- Focus on transparency to secure investment from the private sector

2 - Beatriz Luraschi from **BirdLife UK** and **Climate Action Network** and **Virginia Young** from the **Griffith University** and **Climate Action Network** discussed the issue of nature-based climate solutions and their relationship with forests. In particular, they considered the following issues:

- Halting biodiversity loss and maintaining ecosystems as well as mitigating climate change is key to sustaining natural systems
- There is a circular relationship between climate change and biodiversity loss and the failure to tackle one amounts to failure to tackle the second

- Stopping loss of primary and intact systems is fundamental to mitigate climate change impacts in developing countries
- Current climate change policies reinforce feedbacks causing “downward spiral”
- Intact Forests: pro-forestation mitigates climate change and serves the greatest good
- Need to differentiate pro-forestation from afforestation and reforestation
- Pro-forestation: allowing older forests to continue growing to reach biological sequestration potential or “Carbon Carrying Capacity”
- Primary goal is to restore primary rich ecosystems to be integrated in NDC as mitigation actions
- Less than 20% of world’s forest are free of exploitation/logging (much lower than FAO numbers)

B. Session II: Foundations for REDD+ results: GHGI and FREL

Summary of key issues raised during the second session:

- The second session included representatives from rainforest nations notably Panama, Papua New Guinea and Ghana
- The main messages from this session included: i) Panama is to be considered the first rainforest nation to include all 5 REDD+ activities in the national FRL; ii) improving the quality of activity data and the application of the TACCC IPCC principles allowed Panama to present a good quality FRL; iii) PNG Climate Change Management Act is under review to include reference to the REDD+ activities; iv) Ensuring the sustainability of the GHGI system, including a centralized data management and the need of human resources remain key challenges for REDD+ implementation; v) Aligning FREL and GHGI to get same categories and numbers is key to ensure consistency; vi) REDD+ in Ghana is decentralized and anchored in the NDC; vii) REDD+ office in Ghana integrated in the ministry as great step to address sustainability

1 - Marcial Arias Medina from **Panama** presented the case of Panama as an advanced country in the implementation of REDD+ and discussed issues and challenges around activity data and emissions factors. In particular, he addressed the following points:

- Panama is the first country to include 5 REDD+ activities in the FRL
- The use of Collect Earth helped Panama to improve the accuracy of the activity data
- Next steps for GHGI development: update the new years into the report (new Mapatón) as well as emission factors
- Improving the national FRL will include adjustment of the QA/QC, improve historical data and integrate national emission-absorptions factors
- CfRN provided support for the preparation and implementation of REDD+ in the country
- Application of the TACCC principles into the FRL allowed Panama to prepare and submit a good quality FRL

2 – Alfred Rungol from **Papua New Guinea** provided information about the PNG roadmap to implement REDD+ and how the country is working to obtain REDD+ results in the short term. In particular, his main messages are the following:

- Commitment by the PNG government (Vision 2015, Development Strategy Plan, Climate Compatible Development Strategy)
- Climate Change Management Act is under review to improve the integration of REDD+ activities
- BUR1 has a technical Annex which is not so much designed to receive payments but to understand better the process and how the ICA process works and how to improve it
- The country is currently reviewing the FRL and going through the ICA.
- Attended Capacity-Building training and South-South cooperation organized by CfRN
- Main challenges: sustainability of the system, getting a centralized data management system, need of human resources.

3 - **Roselyn Fosuah Adjei** from **Ghana** explained how institutional arrangements for REDD+ implementation are designed in the country. She was able to show that Ghana is clearly one of the best models for institutional arrangements and coordination within REDD+ countries. In particular, she addressed the following points:

- Ghana has 11 years of experience with REDD+ readiness
- A National REDD+ Working Group has been established as a cross sectoral body dealing with the drivers of deforestation
- REDD+ strategy is focused on 5 programs, starting at different points in time. Cocoa farming is the first project and has already commenced activity:
 - Crop and agroforestry are the main drivers of deforestation where Cocoa plantation is the main factor
 - Shea landscape (for cosmetical products) in drier ecosystems
 - Togo plateau: hotspot of biodiversity
- Current objective is to align the FRL with the GHGI to get the same categories and the same numbers
- The National Forest Monitoring System needs to be strengthened
- Safeguards information system: everything is online with a national analysis of the integration of the different safeguards and local communities are fully involved
- REDD+ is decentralized in Ghana and anchored in Ghana's NDC
- REDD+ office has been integrated to a ministry which is a great step to move to sustainable system
- Support currently received: FCPF, UNREDD, CfRN, National government, NGOs, Bilateral

Key points raised during the discussions

Roselyn Fosuah Adjei from Ghana highlighted that the REDD+ process feeds into the GHGI cycle which then goes into the National Communication and the BUR. Up to now the FRL work in Ghana did not entirely follow the IPCC guidelines (no gains were estimated which gives high numbers) but on the other hand the GHGI calculates the gains and loss which gives a more moderate estimate. She also stressed that training of in-country staff working in the NFMS is needed so that the quality of data monitoring can be improved, in particular for activities ongoing under the canopy.

A representative from Bhutan raised the issue of how and to what extent should a country integrate forest degradation in the FRL. Marcial Arias from Panama explained that the

definition of degradation was first decided at national level. A second step is to decide which type of forest can get degraded (not all forests are impacted by degradation). After those 2 steps the experts from Panama were able to understand what is happening year by year on the ground.

Alfred Rungol from PNG highlighted the process to develop the FRL. He reiterated that the main reason to prepare a FRL is to assess the country situation and measure the performance of REDD+ activities as prescribed by the UNFCCC rules. Following these two objectives PNG has formed the technical expert groups to guide the work and decide on the scope and the goals of REDD+ implementation. Relevant stakeholders in the country to participate within the process were also identified.

C. Session III: Catalyzing private sector finance

Summary of key issues raised during the third session:

- The third session included representatives and experts from both the private sector and public finance institutions. In particular panelists included representatives from the Green Climate Fund, CBL Markets, Ernst & Young and COMIFAC.
- The main messages from this session included: i) Need for more funding for the implementation of REDD+, approximately \$25 billion; ii) Private sector is ready and willing to invest in REDD+; iii) Simplified processes for countries to access funding are key; iv) Transparency and “political will” will encourage private sector involvement; v) REDD+ must be based on international agreed standards such as UNFCCC and IPCC guidelines; vi) Ex-ante payments are needed to facilitate REDD+ implementation in rainforest nations

1 – Federica Bietta from the CfrN introduced the session by providing a quick snapshot of where we stand and what is needed in terms of REDD+ finance. She mentioned that while some funding for REDD+ is available to support developing countries to implement REDD+ that is not sufficient and approximately \$25 billion are needed to reduce deforestation up to 25% globally. She also highlighted that the private sector is interested to engage in the process and could be a good counterpart to classic support from donor countries, but the right tools must be created.

2 – Juan Chang from the **Green Climate Fund** talked about how accelerating REDD+ implementation. He stressed the fact that public funding is not going to be enough and therefore new donors and channels to support REDD+ countries need to be identified urgently. He recognized that while the quality of countries implementation of REDD+ is going well and a few countries have already received payments (ex. Brazil), countries definitely need more support to implement REDD+ and a simplified approval process (SAP) within the GCF.

3 - Rene Velasquez from **CBL Markets** discussed issues around enabling private sector investments in REDD+. He recognized the need for REDD+ results to be part of a centralized market based on a solid and transparent architecture. He stressed the fact that a high level of transparency and political will enable private sectors engagement in the REDD+ process. Specifically, he stated that to leverage the airline demand (i.e. for airlines to purchase RRUs for compliance purposes), the ICAO TAB review process must be respected which will result with a decision on eligible programmes and subsequently eligible emission units. This means

that the REDD.Plus programme must address all of the eligibility criteria and design elements set forth by the TAB. This includes issues around double counting.

In summary, if the TAB doesn't recommend the REDD.Plus to member states, and then ICAO members don't recognize the programme, then airline and other private sector investment looking to provide supply to CORSIA will go elsewhere for eligible emission units. A decision from ICAO that supports REDD.Plus is absolutely essential.

4 - Patrice Lefeu from Ernst & Young highlighted the importance of a solid transparency framework as an enabler for REDD+ results. He explained that global markets and financial markets are similar and that for investors to engage and re-invest, some profits are needed. He highlighted the importance of relying on a network based on a transparent framework building on high quality of data and accurate estimates of potential revenues. He concluded reiterating that trust in REDD+ results is linked with the respect of UNFCCC decisions and IPCC guidance.

5 - Gervais Itsoua from COMIFAC talked about pre-finance for REDD+ actions as key for the success of REDD+ implementation. He confirmed that governments are not comfortable with implementing REDD+ without getting funding before the results are presented. He stressed that the engagement of the private sector could help countries to implement the REDD+ activities to only after present results. He also informed the meeting that elements to engage the private sector with the support of the GCF are under discussion in many African countries.

6 - Andrei Marcu discussed the gap to include the private sector in REDD+. He explained that EU predictions show that the GHG emissions are going to reach zero at some point which means that the exchange of carbon through the carbon market will need to be put in place to reach this goal. He stressed that there is need to make sure that the assets gain values and to this aim REDD+ should be included in the Paris Agreement Article 6 approaches to make sure that businesses can take part in that. He concluded by highlighting the importance of national governance and the fact that REDD+ is recognized as an asset in national jurisdiction.

Key points raised during the discussions

Carlos Gomez from Panama highlighted that the carbon price cost transaction and cost implementation currently amount to less than 5 USD. He questioned the issue of how to make the carbon price more competitive compare to other land use sectors. He added that in the case of Panama, a forest incentive law could help the country to attract more financial resources.

Juan Chang from the GCF underlined that under non-market approaches the value of a REDD+ unit is around 5 USD, with a range of 3-8USD. For market approaches (not in place yet) demand and supply will generate the price floor. He pointed out that competition of REDD+ with other land use sectors is high and that the final aim is to remove countries dependency on deforestation.

Rene Velasquez from CBL Markets highlighted that a market approach will follow the demand side. Working with the airlines will create a great demand where the cost could go up. He concluded that it is realistic to have pricing above 5USD but will depend on demand and that importance of transparency is key for sellers so that they know at what price to sell their carbon.

Patrice Lefeu from EY indicted as way forward for the price to go up the need to limit the risks when ensuring that the minimum amount will be paid.

Gervais Itsoua from COMIFAC stressed that the market fluctuates and therefore there is need to address the issue of ensuring a minimum price floor to provide stability and confidence to countries.

Andre Marcu indicated that carbon assets are only increasing in value. The future of the carbon market is mostly branding because of what people want to see. He concluded by highlighting the importance of variables such as seller's re-investment in climate mitigation, good transparency, legal framework.

Alfred Rungol from PNG highlighted the importance of the process to review REDD+ results and raised concern about high forest low deforestation (HFLD) countries where conservation is not really considered for payments. He solicited a response from the GCF on this point. Juan Chang from the GCF stressed that other sources of financing could be considered to get payments for conservation. He mentioned the example of Bhutan where conservation is not a results-based payment activity under REDD+.

A representative from Viet Nam underlined that people living and working on forestry in many rainforest nations are poor and they need support and incentives to continue to preserve their forests. He highlighted the fact that in Viet Nam REDD+ implementation has a 10 years history but payments have not yet been made.

Summary of key messages and recommendations from the meeting:

Forests, science and climate

- Forests as key sector to increase mitigation ambition
- REDD+ gives 10 additional years to the countries to reach the “nose dive” 1.5 C° target
- Biodiversity and climate change as two biggest environmental crises nowadays

Foundations for REDD+ results: GHGI and FREL

- Application of the IPCC TACCC principles into the FRL allowed countries to prepare and submit high quality FRLs
- Sustainable institutional arrangements are key to development and implementation of REDD+
- REDD+ offices/units need to be integrated within a ministry as key step to move to a sustainable system
- REDD+ process feed into the GHGI which then are going into National Co and BUR

Catalyzing private sector finance

- Public finance for REDD+ not sufficient
- Bigger investments linked to transparent frameworks, improved accuracy and data quality to provide accurate estimates
- Governments not comfortable with implementing REDD+ without getting funding before the results are presented
- Private sector could help countries to implement the REDD+ activities to only after present results
- REDD+ needs to be covered by the Paris Agreement Art. 6 approaches to make sure that businesses can take part in that