The emergence of the REDD Hydra

An analysis of the REDD-related discussions and developments in the June session of the UNFCCC and beyond

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Executive Summary

A new round of UNFCCC (United Nations Framework Convention on Climate Change) talks and meetings of the AWG-LCA (Ad Hoc Working Group on Long Term Cooperative Action) and the AWG-KP (Ad Hoc Working Group on the Kyoto Protocol), as well as of the two subsidiary bodies SBSTA (Subsidiary Body on Scientific and Technological Advise) and SBI (Subsidiary Body on Implementation) took place in Bonn, from May 31-June 10, 2010. 2

In general terms, while progress on some aspects has been registered, the key outstanding issue, i.e. the way CO2 emissions reduction will be achieved and ensured still represents the main obstacle to a final deal in Cancun. Annex I countries have repeatedly tried to undermine the Kyoto protocol, watering down binding rules and obligations to reduce their emissions, and rather push for a “pledge and review” approach that extends the burden to reduce and mitigate emissions to developing countries. Annex I countries have insisted in pushing for a “merger” of the two negotiation tracks (notably AWG-LCA and AWG-KP) and for the inclusion of key elements of the controversial Copenhagen Accord into the new text for negotiation at the AWG-LCA.

1 “In Greek mythology, the Lernaean Hydra was an ancient nameless serpent-like chthonic water beast (as its name evinces) that possessed seven heads — and for each head cut off it grew two more — and poisonous breath so virulent even her tracks were deadly” source Wikipedia
2 For detailed information on the Bonn session:
http://unfccc.int/meetings/sh32/items/5573.php
http://www.iisd.ca/climate/sh32/
http://climate-l.org/2010/06/14/bonn-climate-change-talks-make-limited-progress/
A new text proposed by the LCA Chair at the end of the session was strongly criticized by developing countries for being imbalanced, seeking to wither the Kyoto protocol regime and rather introduce voluntary targets, with no clear indication of the amount of financial resources to be committed for climate change policies and action. This latter issue is also being dealt with in a separate process, (i.e. the High Level Advisory Group on Climate Funding (convened by UN Secretary General, Ban Ki Moon 3) that held a presentation in Bonn and is due to deliver its final recommendations before the Cancun COP.

As far as REDD+ is concerned, SBSTA adopted a draft decision that focuses only on the need to ensure capacity building for Parties to apply the IPCC (Intergovernmental Panel on Climate Change) guidelines for carbon reporting and assessment. Recommendations to give guidance on drivers of deforestation and on indigenous peoples’ engagement in REDD MRV were left aside. A brief discussion on REDD+ was also held at the AWG-LCA, but did not result in any change in the initial proposal by the new LCA Chair. Un-bracketed text referring to the need to “promote and support” safeguards is contained, while further reference to their implementation has been left aside. Issues related to national-subnational approach, on sources of funding, on a clear objective of stopping deforestation, and MRV of safeguards are still unresolved. Additional discussion developed at the AWG-KP with reference to LULUCF and to the possibility of a convergence between LULUCF and REDD+, as a part of a broader effort by Annex I countries to merge the two negotiating tracks (LCA and KP).

Given the continued tension among different parties and groupings (most notably the Annex I countries and G77 and China), and the fact that only few issues are close to some final agreement (one of which being REDD+) , it seems unlikely that an overall binding agreement will be finalized in Cancun. Rather, different outcome scenarios might unfold in the coming months. One is a set of work programs adopted by SBSTA and SBI, another is a set of COP decisions on issues where substantial consensus was achieved in Copenhagen, such as REDD+ but possibly only related to a decision on REDD Readiness. Some observers rule out this possibility and hint to the likelihood of a low level outcome in Cancun whereas REDD+, Adaptation and Finance, for instance, might not be finalized until the whole negotiation Package be agreed upon. This possibility would mean that a comprehensive agreement would be signed only after Cancun, i.e. at the COP17 in South Africa.

In this context, the political relevance of the newly formed Interim REDD+ Partnership Agreement, which was finalised in Oslo a few days before the UNFCCC session, became more evident. In the absence of a final agreement on REDD+ at the UNFCCC level, the Partnership may increasingly become the political forum where REDD+ activities will be discussed. Although not having strictly operational implications, the REDD+ Partnership risks becoming a process outside of the UNFCCC where REDD-related activities will be shared, and consensus will be hammered out on various critical issues that are still pending in the negotiations. In more general terms, the Interim REDD+ Partnership might be a precedent for other “issue-related” Partnership deals on various key topics under negotiation at the UNFCCC, for which finance might be leveraged, and that could be key to secure consensus on different contentious issues.

3 www.un.org/wcm/content/site/climatechange/pages/financeadvisorygroup
The Indigenous Peoples Caucus met during the two weeks of talks and produced a new position of the International Indigenous Peoples’ Forum on Climate Change (IIPFCC) on the climate change negotiations, whereas it articulates the indigenous perspective on the various cross-sectoral issues (such as MRV, Shared Vision, Finance, Adaptation, Technology Transfer) as well on specific topics such as Adaptation and mitigation and REDD+.

As far as REDD+ is concerned, the IIPFCC document underlines the risks of parallel tracks as the one under the Interim REDD+ Partnership Agreement and reiterated the call for a strong and explicit reference to the rights of indigenous peoples, including the resolution of land tenure, carbon rights and full and effective participation of indigenous peoples. These, together with the respect of the right to self-determination and Free and Prior Informed Consent and compliance with the UN Declaration on the Rights of Indigenous Peoples are a precondition for any REDD+ action to occur in indigenous lands.

The IIPFCC calls on the LCA to ensure that the text under discussion in the LCA “prioritize the need to implement – and not only support and promote - strong social, environmental and human rights safeguards, and to ensure land tenure, carbon rights and equitable benefits, as well as to respect the traditional knowledge and livelihoods of indigenous peoples.”

This document will form the basis for further advocacy work in the upcoming UNFCCC session in Bonn, (August 2010) and China (October 2010).

a. REDD+ DISCUSSION AT SBSTA (Subsidiary Body for Scientific and Technological Advice)

Parties met in closed doors meetings to prepare a draft decision to be brought to the SBSTA session in Cancun and then presented for COP approval. This text does not reflect in full the mandate given by the COP15 in Copenhagen, and focuses only on the need to ensure capacity building for Parties to apply the IPCC guidelines for carbon reporting and assessment. Key topics such as SBSTA contribution to provide guidance on drivers of deforestation and on Indigenous Peoples’ engagement in REDD MRV were not discussed. Nevertheless, some Parties pointed to certain critical issues to be considered by SBSTA when dealing with REDD+. Bolivia, for instance, stressed the importance of considering indigenous peoples’ rights, while Nicaragua also pointed to the need to consider forests more than carbon sinks. Some discussion was also held on the possibility of including reforested lands on areas where forests had been exhausted, but the possibility of a dedicated contact group on any of these issues was dismissed.

The draft decision refers to the outcomes of an informal meeting of experts that met before the SBSTA session in Bonn to discuss matters related to the use of the IPCC guidelines for reporting, and suggests the following:


(a) To increase the number of experts trained in the use of the IPCC guidance and guidelines referred to in decision 4/CP.15, paragraph 1 (c), by organizing and facilitating activities such as training of trainers workshops, and to work with the IPCC on promoting the use of the IPCC Emission Factor Database, and report on its progress to the SBSTA at its thirty-fourth session;

(b) To enhance sharing of information, experiences and lessons learned on the use of the IPCC guidance and guidelines on the UNFCCC website through an interactive discussion forum to be set up on the web platform.

In spite of the fact that no reference is made to two other issues that were contained in the relevant COP15 decision 4, notably the indication that SBSTA develop – among others - guidance on Indigenous Peoples’ engagement in MRV for REDD and on drivers of deforestation, there are indications that these might be considered in the SBSTA session in Cancun. Further discussions and advocacy might be required to firm up a decision to hold an expert meeting (or a series of meetings) on Indigenous Peoples engagement in MRV for REDD and to provide guidance on modalities to ensure the proper implementation of safeguards. Additional issues to be proposed are MRV for implementation of safeguards, financing and technology development and transfer, as well as a review of IPCC guidelines to assess whether these are appropriate (being only relevant for Annex I countries and LULUCF), and possibly develop new guidelines to capture the full range of forest values.

b. AWG-LCA discussion on REDD

The LCA did not entertain a substantial discussion on REDD+, having used most of the time during the first week to hold a round of talks on cross-cutting issues, such as finance, mitigation, use of markets for mitigation actions, MRV and “shared vision”. REDD+ was discussed in a one and half hour session in the second week of talks and parties had been invited by the LCA Chair to use the following two questions as guidance:

(a) What remains to be done to begin developing and/or implementing national strategies or action plans, policies and measures and capacity building (“readiness activities”)?

(b) How would support be provided for:

i. the development and implementations of national strategies or action plans, policies and measures and capacity building (readiness) to prepare developing countries for full implementation of REDD-plus actions?

ii. full implementation of REDD-plus actions?

6 http://unfccc.int/documentation/decisions/items/3597.php?such=j&volltext=/CP.15#beg
Annex I countries insisted on the need to use market-based sources of financing and got the support from REDD countries such as Guyana, Ecuador, PNG and Costa Rica. Tuvalu and Bolivia opposed market-based funding and proposed a Multilateral Climate Fund under the UNFCCC. Reference to Indigenous Peoples’ rights was made in the interventions from Norway, Bolivia, Tuvalu and the Philippines. Some Parties voiced concern about the REDD+ Interim Partnership, and they asked that this initiative be taken under the umbrella of the UNFCCC once the REDD-plus mechanism is established. Tuvalu voiced a strong opposition to carbon trading and urged the adoption of clear guidelines to respect the rights of indigenous peoples and local communities. Tuvalu also called for REDD+ frameworks to address governance issues, as well as to focus on drivers of deforestation outside of the tropical countries. Bolivia urged parties to recognize the multiple values of forests, and to address the way forests are being defined at the UNFCCC in order to clearly distinguish natural forests from plantations. In addition, Bolivia urged Parties to develop stronger language on indigenous peoples rights, and to reject offsets and carbon trading.

PNG supported a phased approach and market-based funding, to be coupled with public funding sources in a REDD+ window within a Climate Fund. The US suggested a mix of market and non-market based sources of funding for REDD+ and recommended support for increased engagement of private capital. Norway noted that fast-start finance is crucial for triggering long term change and suggested that the Interim REDD+ Partnership might be transformed into a REDD-plus framework under the UNFCCC. Norway reiterated the central role of the World Bank’s FCPF in providing additional financing for REDD. Spain and the EU supported market-based mechanisms for REDD financing, while China declared its support for additional public finance as a main source of funding for REDD+. India had a somewhat nuanced position, in which it proposed a flexible mechanism of market and non-market approaches.

Brazil suggested that capacity building for REDD+ readiness and for demonstration activities should be financed through public funding. It also said that market funding might be mobilized by developing countries but not for project-based REDD. More generally, Brazil suggested that the implementation of REDD+ activities should supported by public funds combined with funds generated from the auctioning of AAUs (Assigned Amount Units)7

The Environmental Integrity Group 8 supported - among others - the establishment of social and environmental safeguards, policies to tackle drivers of deforestation and the need for fast-track financial support through the REDD+ partnership. South Africa called for operationalisation of safeguards, while Suriname supported a sub-national approach to support local REDD schemes, also contemplating the possibility of market sources.

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7 An Assigned Amount Unit (AAU) is a tradable ‘Kyoto unit’ representing an allowance to emit one metric tonne of greenhouse gases expressed as carbon dioxide equivalents. Assigned Amount Units are issued up to the level of initial ”assigned amount” of an Annex I Party to the Kyoto Protocol

8 The Environmental Integrity Group is a group of likeminded countries formed in 2000 to coordinate input and positions in the climate change negotiations. It is composed of Mexico, Switzerland and the Republic of Korea (South Korea)
The discussion on REDD+ did not produce any text change in terms of what the LCA chair had proposed as a basis for discussion prior to the Bonn session. The language proposed on safeguards in REDD+ by the LCA Chair in fact builds up on the discussions held during COP15. It should be recalled here that the text that has been produced by the AWG-LCA in Copenhagen contained bracketed text referring to the need to “promote and support” safeguards, while those brackets had been taken out during the following negotiations at the COP15 level. The new AWG-LCA Chair decided to use the latter text as a reference and hence the text as it stands now is un-bracketed, while further reference to safeguards implementation has been regretfully left aside. Other vital issues yet to be clarified are related to National-sub-national approaches, sources of funding and a clear objective on halting deforestation. Meanwhile, text on MRV of safeguards is still bracketed.

A new LCA text was proposed by the Chair at the end of the session, (REDD section was unaltered from previous version). However, given the controversy that was stirred up in the Bonn meeting in reaction to the Chair’s text (mostly from developing countries) it is very likely that a new text will be made public before the August session of the AWG-LCA. In any case, it should be noted that in the advanced text proposed at the end of the session by the LCA chair, REDD+ is still dealt with in two different sections, and that the relevant text is the same as that that was included in the negotiating text proposed by the LCA chair before the June meetings.

Chapter One, that would form the framework for a final agreement by the COP refers to REDD+ as follows:

3. Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries

Recognizes

42. The crucial role of reducing emission from deforestation and forest degradation and the need to enhance removals of greenhouse gas emission by forests, and agrees to the need to provide positive incentives to such actions through immediate establishment of a mechanism including REDD-plus, to enable the mobilization of financial resources from developed countries.

Agrees that

43. Developing country Parties should, pursuant to provisions on REDD-plus as presented in chapter VII, contribute to mitigation actions in the forest sector by undertaking the following activities:

(a) Reducing emissions from deforestation;
(b) Reducing emissions from forest degradation;
(c) Conservation of forest carbon stocks;
(d) Sustainable management of forest;
(e) Enhancement of forest carbon stocks;

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9 See the initial LCA negotiating text, and especially page 33 for the section on REDD+ at: http://maindb.unfccc.int/library/view_pdf.pl?url=http://unfccc.int/resource/docs/2010/awglca10/eng/06.pdf
10 http://unfccc.int/meetings/ad_hoc_working_groups/lca/items/4381.php for advanced draft proposed at the end of the session by the LCA chair
Further and more detailed text on REDD+ is also included, by referring to the specific section that had been already put in the text that the LCA chair had proposed before the June session.

c. Land use, Land Use Change and Forests (LULUCF) discussion at the Ad Hoc Working Group on the Kyoto Protocol (AWG-KP)

An important piece of discussion developed at the AWG-KP with reference to LULUCF and to the possibility of a convergence between LULUCF and REDD+, as a part of a broader effort by Annex I countries to merge the two negotiating tracks (LCA and KP). The discussion was centered on whether LULUCF is about reduction of emissions or rather a sort of creative accounting to escape any reduction obligation. In fact, LULUCF contains some serious loopholes, whereas the approach to forest management accounting could permit Annex I countries to increase emissions without having to account for them.

While a critical position on LULUCF could be useful, the fact that this has been voiced by notoriously pro-logging countries such as those under COMIFAC (Central Africa Forest Commission) in Africa is a cause for concern since these countries might opportunistically use their criticism to LULUCF to oppose stronger criteria for safeguards in REDD.

d. Markets for mitigation and REDD+

Discussion at the AWG-LCA also dealt with the role of markets as a possible finance mechanism for mitigation programs and actions\textsuperscript{11}. Some countries expressed interest and others cautioned against the use of markets, following up on two questions proposed by the LCA chair to guide the discussion. One was related to opportunities to use markets to complement public funding for mitigation and related instruments, the other was about the possible need for a new instrument for joint activities, and whether these should generate offset credits. Bolivia expressed concern that the questions posed by the LCA Chair seem to be already taking for granted that market based mechanisms would be adopted. Bolivia stressed the risk of a new speculative bubble that would be created by carbon markets. Saudi Arabia opposed the creation of new instruments as well as China, while Brazil pointed to the fact that public funding should be the main source of finance for mitigation action and suggested that the auctioning of AAUs could be an additional avenue to explore.

On the other hand, all developed countries and some developing counties (Colombia, Peru, Guyana and AOSIS, among others) were supportive of market-based approaches. A discussion on the role of markets and carbon trading was also held in the LCA session on REDD+, with some countries reiterating their support for market sources, although with different nuances. PNG was fully supportive of market-based REDD, while Guyana hinted to the possibility of using markets for Phase 3 of REDD (finance for national REDD+ programmes). Ecuador was

\textsuperscript{11} much of the information contained in this paragraph is taken from “TWN Bonn News Update 14: “Spin-off group proposed on role of markets in mitigation actions”, published by the Third World Network, June 7 2010 and “TWN Bonn News Update 17: “Contact Group discusses funding for forest related activities”, published by the Third World Network, June 9, 2010 (see note 2 above for relevant web links)
supporting of a mix of public and market financing, while Norway stressed the need to ensure additional public funding for REDD+. The EU supported market approaches in the long term, including the creation of an international carbon market, while Australia urged the opening up of carbon markets. Suriname and Costa Rica also supported market funding for REDD+.

e. The Interim REDD+ Partnership Agreement

The Norwegian government hosted a side event on the newly established Interim REDD+ Partnership that was followed by a series of other meetings, one of which was a specific briefing for the Indigenous Peoples’ Caucus and another briefing for civil society organizations organized by Japan and Papua New Guinea. These latter two countries will co-chair the Partnership for the second half of 2010. Since its launch in Oslo in May 2010, as many as 58 countries have joined the Partnership. Norway seems to be quite optimistic that a COP decision on REDD will be adopted in Cancun, but only if there will be separate decisions and not a single document.

In the course of these public briefing sessions both Norway, Japan and PNG did not provide any concrete indication of how the Partnership will operate, nor clarifications on the outstanding issues related to the exclusion of reference to indigenous peoples’ rights as one of the overarching principles. The only reply to concerns voiced by indigenous peoples on the matter was that indigenous peoples’ rights are already included in the safeguards that are somehow agreed in the draft text under negotiation at the LCA, and that there was therefore no further need to specify. When asked what would happen to the Partnership if no agreement at LCA is secured, and also why there was no reference to any sunset clause, the representative of Norway did not give any clear indication, but admitted that the Partnership might “take over”. Norway reiterated its commitment to ensure full participation of indigenous peoples in REDD, but also that the issue is very contentious for developing countries. Brazil will host a technical meeting in July to prepare for the second meeting of Partners to take place in Nagoya, in October 2010 in conjunction with the 10th Conference of the Parties (COP) of the Convention on Biological Diversity (CBD).

The objective of the Nagoya meeting will be that of reviewing the implementation of the Partnership and to exchange views on how to enhance ‘ownership’ of the process. The Partnership meeting in October is expected to “provide momentum for the success of the COP16 “ by announcing “progress on REDD+ actions and implementation of fast-track financing”. It seems that members of the Partnership might also recognize the co-benefits of biodiversity conservation and climate change mitigation.

As a general remark, it should be pointed out that some government delegations voiced concern about the risk that this Partnership might pave the way for similar non-UNFCCC processes on other specific issues which are under negotiation at UNFCCC. It appears that in the end the role of the partnership and its influence will be determined by default by the progress of negotiations at UNFCCC or the lack thereof. In this context, the longer the UNFCCC takes to reach a REDD+ agreement, the stronger the Partnership may become.

As a matter of fact, governments are working at an accelerated pace to set up details and rules for the partnership as demonstrated by its series of side meetings in Bonn, plans for a

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12 For further information on the Interim REDD+ Partnership: [http://www.oslocfc2010.no](http://www.oslocfc2010.no)
technical expert meeting in Brazil in July, and other informal meetings in Bonn in August before the Nagoya conference.

If all this is looked at from the perspective of the World Bank Group and its intention to become the global institution that will be mandated by the UNFCCC to deal with REDD+, then there are some important points to note. While in the Interim REDD+ Partnership FCPF and UNREDD both play a secretarial function, as far as REDD readiness and implementation are concerned, the Bank is seemingly trying to play a more prominent role. FCPF is now discussing how to become the overarching coordinating entity of all REDD readiness implementing agencies and the FIP is discussing the same sort of World Bank lead role for REDD implementation. Via FCPF and the FIP, the World Bank might attempt to gain ground and position itself as the institution that would manage REDD funds or a possible REDD window in a future Climate Fund (as it did on environmental matters through the GEF in the 1990s).

On a more general level, the ever changing political landscape and continuing moving REDD targets, from FCPF to FIP, from UNREDD to bilateral deals, and the Interim REDD+ Partnership, and the possible spin-offs all demonstrate a proliferation and growing complexity in REDD policies and initiatives at the global, regional, national, and local levels. Advocacy on REDD+ is akin to confronting a hydra, the mythological animal with a big body and many heads. Once you manage to cut one head two, then more heads grow up.
The IIPFCC is particularly concerned about the acceleration of REDD+ implementation, both under the Interim REDD+ partnership and other bilateral and multilateral processes. The Interim Partnership document does not have any specific reference to ensuring the rights of indigenous peoples as one of its overarching principles. It is imperative that the rights of indigenous peoples, including the resolution of land tenure, carbon rights and full and effective participation of indigenous peoples be addressed and resolved at national and international levels as a precondition for any further activities of REDD+.

The risks of REDD+ proceeding outside of the UNFCCC are multiple: on the one hand they undermine the multilateral system and the central role of the UN. On the other hand, they might have serious impacts on indigenous peoples' rights as recognized in international standards and obligations such as the UN Declaration on the Rights of Indigenous Peoples.

Indigenous peoples call for unambiguous language and commitment on REDD+ that explicitly refers to the right to self-determination and free and prior informed consent as a precondition for any REDD+ action to occur in indigenous lands. Further capacity building of indigenous peoples on understanding the full implications of REDD+ and enabling their full and effective participation in the early stages of REDD+ project cycle is imperative.

The text under discussion in the LCA needs to prioritize the need to implement – and not only support and promote - strong social, environmental and human rights safeguards, and to ensure land tenure, carbon rights and equitable benefits, as well as to respect the traditional knowledge and livelihoods of indigenous peoples.

The IIPFCC encourages the implementation of sub-national REDD+ pilot projects, when promoted, planned and implemented by indigenous peoples and local communities and supported by dedicated grants directly accessible to them, subject to the prior establishment of a national legal framework that ensures the recognition of the rights of indigenous peoples, while preventing leakages. The national framework shall ensure equitable receipt of benefits and their control by the concerned peoples. (...)

(....)
3. Subsidiary Body on Scientific and Technological Advise (SBSTA)

SBSTA should recognize that forests are more than carbon to indigenous peoples and local communities. They are also important for resilient ecosystems, livelihoods and human well-being. Nevertheless the SBSTA workplan on REDD+ currently under discussion in Bonn is limited to the application and methodologies to assess the carbon value of forests using the IPCC guidelines, which do not capture the multiple range of forest values.

Therefore SBSTA should develop, with the full and effective participation of indigenous peoples, guidelines specific to REDD+ to capture the multiple forest values. These should also include a definition of forests that properly distinguish between natural forests and plantations. Additional criteria, such as respect for human rights, gender perspectives, biodiversity, traditional livelihoods, secure land tenure and carbon rights as well as other environmental services, should be included. In developing such guidelines SBSTA should build upon indigenous peoples’ methodologies based on their traditional knowledge and consistent with their sustainable management of forests as well as the enhancement of biodiversity and cultural and spiritual values.

Furthermore SBSTA should develop and propose guidance on modalities to design, implement, monitor, report and verify the implementation of safeguards related to REDD+, with particular emphasis on the role of indigenous peoples. This is crucial to ensure the effectiveness and the social, environmental and economic integrity of any action related to forests and climate.

SBSTA should include in its workplan a decision to hold a series of expert workshops in the coming months, with the full and effective participation of indigenous peoples and local communities through representatives chosen by them. These workshops should be designed to contribute to the development of guidelines, methods, measures, and indicators to assess the social, environmental, economic and cultural implications of REDD+ actions and their Monitoring, Reporting and Verification (MRV), as well as modalities to provide indigenous peoples and local communities with opportunities for engagement that fully respect their culture, rights and practices.

Finally, IIPFCC supports the recommendation of the most recent meeting of the SBSTTA of the Convention on Biological Diversity (Nairobi, May 2010) inviting UNFCCC to develop biodiversity related safeguards for REDD+ activities and to ensure proper coordination and synergies between the CBD and UNFCCC.