

Submission of Switzerland and Mexico

Improving coordination of support for implementation and institutional arrangements or potential governance alternatives for REDD+

March 25, 2013

Introduction and background

Switzerland and Mexico are pleased to share our common views in this submission. The [COP18 decision](#) “Agreed Outcome to the Bali Action Plan”, section on REDD+, II.C. paragraph 36 invites Parties and admitted observer organizations to submit to the secretariat, by 25 March 2013, their views on the matters referred to in paragraphs 34 and 35, including potential functions, modalities and procedures. Paragraphs 34 and 35 read:

34. *Recognizes* the need to **improve the coordination of support** for the implementation of the activities referred to in decision 1/CP.16, paragraph 70, and to provide adequate and predictable support, including financial resources and technical and technological support, to developing country Parties for implementation of those activities;

35. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation, at their thirty-eighth sessions, to jointly initiate a process with the aim of addressing the matters outlined in paragraph 34 above, and to **consider existing institutional arrangements or potential governance alternatives including a body, a board or a committee**, and to make recommendations on these matters to the Conference of the Parties at its nineteenth session;

1. Improved coordination of support for the implementation of REDD+

Existing institutional arrangements to support implementation of REDD+ include the multi-lateral initiatives: FCPF, UN-REDD, GEF, FIP, as well as bi-lateral, national, and sub-national programs in developing countries. The first step is for the major initiatives working on readiness, the FCPF and UN-REDD, responsible for about 80% of multi-lateral readiness funding ([Simula](#) 2010), to improve coordination amongst themselves.

This coordination is already improving in different areas. The R-PP (Readiness Preparation Proposal) of the FCPF template has been revised so countries can use it under both initiatives. Also, the “Joint Guidelines for Stakeholder Engagement on REDD+ Readiness” as well as the planned Joint Budget Template to avoid financing overlaps are in the interest of streamlining. The two initiatives differ, however, in i.e. their approach to funding performance-based payments. The FCPF’s Carbon Fund is available to all member countries for pilot performance-based experience, whereas UN-REDD will create a fund when a member country enters the performance-based phase.

Establishing REDD+ readiness requires more support than FCPF and UN-REDD can provide at present. The FIP is complementary to these initiatives, providing ex-ante financing to resolve some of the larger issues of tenure, governance and policy reform, infrastructure, and restoration of degraded land. Further, the GEF also contributes directly to readiness efforts. It could be useful to map out the differences in the functions of the four multi-lateral initiatives, in order that complementarity and overlaps are clear.

Coordination activities of the REDD+ Interim Partnership

Switzerland and Mexico consider that the REDD+ Interim Partnership is already making a transition from an information sharing forum to promoting coordination. A more proactive role of the Partnership is being developed under the work program for 2013-14, in which the Voluntary REDD+ Database could eventually be used as a centralized resource for disseminating information on financial needs and support. It is important that the rules and roles of the Partnership are reviewed and redesigned in order to give it the functionality that is intended.

The idea of a common delivery platform between the multilateral initiatives was suggested by the [IDL Study](#) contracted by the Partnership in 2011 on the Effectiveness of Multilateral Initiatives: “all four multi-lateral initiatives (MIs) should continue to pursue and promote a common delivery platform for their interventions and the use of joint missions whenever possible”. The workplan of the Partnership could follow up on this suggestion under component 4, facilitating the scaling up of finance and actions.

Another objective of the Partnership was to address gaps and overlaps in REDD+ finance and implementation. Particularly the following elements of future work discussed in Doha could lead to useful coordination activities:

- Share views on funding sources and mechanisms, including public and private financing;
- Enhance mobilization and promote the effective deployment of finance to address the gaps and overlaps in finance and actions
- Enhance the use of the database to address the outcome of the analysis of financing gaps and overlaps
- Present the platforms and database to wider range of participants in order to encourage their utilization
- Consider and explore other finance tracking initiatives in order to complement and align efforts.

Coordination activities under the Partnership are in our view transitional and should eventually be integrated into the UNFCCC. Once REDD+ countries are making verified emissions reductions and receiving performance-based incentives to do so, the role of the Partnership may no longer be necessary. Its functions and database could be transferred to institutional arrangements within the UNFCCC that have yet to be defined, since they are part of the 2015 Roadmap being negotiated under the ADP toward a post-2020 agreement.

The Partnership must prioritize functioning as a think tank and coordinating international efforts to facilitate REDD+ becoming the performance-based forest sector.

2. Consideration of existing institutional arrangements or potential governance alternatives including a body, a board or a committee

REDD+ is a transitional mechanism whose goal is to integrate the forest sector into a global emissions reductions system. The over USD 6 billion ([REDD+ Database](#)) pledged by donor countries, complemented by substantial investment of developing countries (estimated by [Simula](#) 2010 to be 20% of readiness funding) in the mechanism to date, is a very significant amount of funding for the international forest sector. Some REDD+ countries already have created specific agencies, task forces, and trust funds to manage the mechanism. At the international level, when is the appropriate moment and what functions would a more centralized institutional arrangement for forests under the UNFCCC fulfill?

In our view, this question is within a broader framework than the forest sector, as the international architecture, the other sectors, and incentive systems are currently in the process of development. The broader context of forest sector emission reductions encompasses i.e. accounting for all land-uses (including agriculture) and forestry, monitoring, reporting, and verification of sources and sinks, incentive systems and sources of finance such as market or non-market mechanisms and private sector activities.

Finally, we think it is crucial not to duplicate the efforts of multi-lateral institutions or take the initiative from national governments by prematurely creating an international institution within the UNFCCC. If a REDD+ institutional arrangement under the UNFCCC were to be created by COP 19, it would run the risk of anticipating the outcome of the evolution of the financial, market and non-market, MRV, land-use accounting, NAMA, and even adaptation areas of the post-2020 accord. Rather, these areas will first fit together in a roadmap by the end of 2014. Therefore, COP 20 would be a logical opportunity to integrate the forest sector within the overall institutional structure being defined under the ADP.

3. Conclusions

First priority: UNFCCC package of guidance for REDD+

Forests will undoubtedly be a priority sector in the future of the UNFCCC, since for many, if not most developing countries forests, and more generally land-use will be the largest contributor to their mitigation pledges. However it should be very carefully analyzed whether a specific institution needs to be created for the sector. Admittedly, the Convention presently has an Adaptation Board and a Finance Committee, however a sectoral body for forests would be a new construct. What would such an institution do, what would its powers consist of, its relationship to other institutions, the resources necessary for it to function, how would it fit into the Convention, would it be worth the effort, and when would it will come into existence?

The UNFCCC presently supports REDD+ by developing and providing a yet-unfinished package of methodological guidance (including e.g. reference levels, national forest monitoring systems, MRV, safeguards, how performance-based emissions reductions will be incentivized). Methodological guidance being developed within the UNFCCC should be coordinated with the well-advanced [methodological guidance of the FCPF](#), including the recently completed [R-Package](#). In our view, the first priority task of the UNFCCC is to adopt a basic package of guidance which is being developed since Cancun so that national and jurisdictional governments, stakeholders, and multi- and bi-lateral initiatives can apply it.

Support for REDD+

Would a body or committee for REDD+ or forests under the UNFCCC have the capacity to generate more support or be able to direct it more equitably? It is a very large step from the current system of multi- and bi-lateral direct funding to developing countries demonstrating REDD+ readiness, to an international committee that would intervene. Would international coordination be decisive in moving from readiness to performance-based emissions reductions? Coordination requires effort and resources, may generate conflicts, and can be counterproductive if the effort is not worth the gains. In the future the GCF could be expected to fulfill these functions, however it is still too early to tell whether a new sectoral body would be advantageous.

According to [UNEP RISOE](#) (2013), "Large amounts of investment will be required and while public multilateral efforts are building readiness on the ground, private sector engagement continues to be reluctant due to high risks associated with forest projects. Furthermore, legal issues related to land tenure, forest ownership and carbon rights require much stronger influence from state governments

through national legislation, which poses significant challenges for countries with weak governance capacity.” Currently, REDD+ is being incentivized in a diversity of ways in different national and sub-national emissions trading systems, the voluntary market, or funded by ODA, governments, and the private sector. According to [Simula \(2010\)](#), this is an advantage for allowing flexibility but is a challenge for coordination of funding flows to duly address gaps and avoid overlaps. His study concluded that “coordination should be strengthened at all levels drawing both on formal and voluntary mechanisms. The focus should be on REDD+ country level coordination which should be respected by partners.”

Governments and the private sector

The UNFCCC alone will not be able to achieve verified emissions reductions from forests. A structural solution consolidating effective forest governance combined with directing the private sector toward sustainable forest management will be necessary.

Consistent with the experience of the [Swiss-Philippine initiative of 2011](#), “Towards a governance framework for REDD+ financing”, financiers of REDD+ projects were able to communicate to government officials that *the policy framework for developing REDD+ projects needed national-level policies that encourage foreign direct investment and land-based sectors to make responsible investments. Further, Governments in REDD+ countries should ensure balanced investments within and outside the forest sector in order to address all drivers of deforestation and forest degradation. Responsible investments should also guarantee compliance with safeguards implementation. Therefore the forest sector must be integrated within green economy and low-carbon growth efforts.*

Forest governance as a means to achieving sustainable forest management

Switzerland and Mexico have collaborated closely also within the UNFF on making effective governance of the forest sector a central improvement made by the REDD+ mechanism. Since forest governance is a national responsibility, international guidance can only go so far. The methodological roots of forest governance are in participation and decentralization. One of the conclusions of the [Oaxaca, Mexico workshop](#) of the UNFF CLI process on “SFM, decentralization, forest governance, REDD+, and livelihoods”, was that national governments can most effectively achieve sustainable management of their forests when local communities are empowered to implement SFM. This national process includes “securing tenure, governance reforms, programs and schemes such that ensure benefit sharing and input by communities”.

Fungibility is a central concern of the sector, and guidance on permanence within accounting modalities needs further development. This includes guidance on i.e. duration of projects and credits, guarantees, buffers, and insurance will be determinant for forests to be compatible with other sectors.

If REDD+ is successful in enabling sustainable forest management under a landscape approach in developing countries, this will be the foundation for long-term climate mitigation and adaptation benefits. According to the [IPCC AR4](#), “in the long term, a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fiber or energy from the forest, will generate the largest sustained mitigation benefit”.