

United Nations Framework Convention on Climate Change Policy Workshop: Reducing Emissions from Deforestation and Forest Degradation & the Role of Conservation, Sustainable Management of Forests and the Enhancement of Forest Carbon Stocks

Preface

In November 2005 at the eleventh meeting of the Conference of the Parties (COP-11) to the United Nations Framework Convention on Climate Change (UNFCCC), Papua New Guinea, Costa Rica and approximately 10 other like-minded developing countries introduced the agenda: *Reducing Emissions from Deforestation in Developing Countries: Approaches to Stimulate Action* (REDD). The UNFCCC Parties agreed to pursue this agenda and referred it for further analysis to the Subsidiary Body on Scientific and Technological Advice (SBSTA).

Papua New Guinea and many initial endorsers of the agenda formed the Coalition for Rainforest Nations (CfRN), an intergovernmental policy group that is developing economic incentives to support environmentally sustainable economic growth. CfRN, through its international constituency, is working within the United Nations system to reform the Kyoto Protocol and to ensure that any future climate change agreement provides “emission reduction” credits to developing countries that voluntarily reduce carbon emissions resulting from deforestation and forest degradation.

The number of CfRN participants has grown to over forty nations and many Annex I countries support and actively cooperate with the Coalition’s initiatives. In September 2007, during United Nations Secretary General Ban Ki-moon’s High-Level Event on Climate Change, Prime Minister Sir Michael Somare of Papua New Guinea publicly supported the Forest initiative of Indonesian President Susilo Bambang Yudhoyono. This initiative became the Forest-11 Group and resulted in the endorsement of the *Tropical Rainforest Countries Leaders Joint Statement*.

Over the last two years, CfRN has organized workshops for its participants and for interested Annex I countries. These meetings have produced a series of UNFCCC *Submission of Views* that have served as a reliable source of concrete recommendations to SBSTA regarding the technical, economic and policy elements of a REDD mechanism.

At the United Nations Climate Change Conference (COP-13/MOP-3) in Bali, Indonesia, **Decision 2/CP.13 Reducing Emissions from Deforestation in Developing Countries: Approaches to Stimulate Action** was adopted as part of the Bali Action Plan.

Introduction

The Coalition for Rainforest Nations and the Forest-11 Group co-hosted this workshop in Berlin, Germany from March 16-18, 2008. *InWent—Capacity Building International, Germany* and the German government provided financial and logistical support. Delegates from Africa, Asia, Central and Latin America, Oceania and other interested parties attended the meeting.

The workshop opened with a series of presentations by IPCC experts on various accounting and reporting issues. Discussions with the United Nations Development Program (UNDP), the United Nations Environment Program (UNEP), the Food and Agriculture Organization (FAO) and the Forest Carbon Partnership Facility (FCPF) of the World Bank followed. The FAO outlined its plan for data gathering while the UNEP presented a framework for the independent verification of REDD project performance and emission reduction claims. Representatives of the UNDP discussed its role in the implementation of REDD projects. The FCPF closed the first session with an outline of how it plans to oversee the market making process within a carbon credit trading scheme.

The meetings of March 17th and 18th were devoted to the discussion and preparation of an official joint Submission of Views. The Submission, which built upon the provisions of Decision 2/CP.13 Reducing Emissions from Deforestation in Developing Countries: Approaches to Stimulate Action of the Bali Action Plan, was due at the UNFCCC Secretariat by March 21, 2008. A final version will be presented for consideration at the twenty-eighth session of SBSTA in June 2008.

Presentations and Discussion

CfRN Executive Director Kevin Conrad welcomed the delegates and presented a brief history of the REDD mechanism. According to Conrad the origins of REDD extend back to the Kyoto Protocol but land-use change and forestry was difficult to negotiate because of uncertainties about magnitude. A catalytic though complex solution was agreed in the Marrakesh Accords. The idea included deforestation for Annex B countries but was excluded from the CDM because of project leakage concerns.

Support for REDD gained momentum after its introduction at COP-11 in Montreal. At COP-12 in Nairobi, Brazil proposed voluntary REDD based on positive incentives and a national accounting system but not carbon market access. In 2007 at COP-13, REDD was adopted as part of the Bali Action Plan.

Decision 2/CP.13 Reducing Emissions from Deforestation in Developing Countries: Approaches to Stimulate Action outlined rules for demonstration projects. These rules reduce uncertainty for

participants and facilitate compliance with a future regime. The Decision endorses national accounting using IPCC Guidelines and identifies demonstration activities only as a step toward national approaches.

Conrad noted that while the Decision encourages immediate action and agrees to consider this as “early action,” it does not attend to the idea of “positive incentives.”

REDD will, however, be an element of the future framework at COP-15 in Copenhagen and can reasonably be expected to yield measurable, verifiable and reportable actions on emissions mitigation consistent with the cuts needed to avoid dangerous climate change. Further, the future climate agreement will include forest degradation and will consider the role of conservation, sustainable management of forests and the enhancement of forest carbon stock.

The many SBSTA issues that need to be sorted include: IPCC methods for estimating deforestation and degradation; how to set reference levels; how to reconcile national accounting and subnational implementation; how to mobilize sufficient resources for capacity building and demonstration projects; and how to resolve performance risk.

Mr. Conrad stressed the importance of an agreement on a framework that stipulates adequate mitigation action by all Parties including ambitious commitments from Annex I countries consistent with 25% to 40% absolute emissions reduction by 2020.

Conrad cited the challenges facing rainforest countries after Bali. Chief amongst them was the need for deep emissions reductions by Annex I countries to support new sources of supply from developing countries. He also noted that REDD must be permitted in offset markets, i.e., a ton is a ton. Furthermore, rainforest countries must also propose methods to support conservation efforts.

Despite the complexities, the land-use change and forestry sector represents an attractive point of negotiation, potentially yielding many co-benefits as well as gains for the climate system as a whole. Indeed, the LULUCF sector propelled the Kyoto Protocol into force and may act as a similar catalyst for consensus in Copenhagen.

Dr. Maria Sanz Sanchez of the UNFCCC Secretariat gave a presentation on “Reporting under the UNFCCC, Non-Annex I Parties.” Her talk also attended to the use of IPCC Guidance and Guidelines.

Dr. Sanchez opened the presentation by noting that, according to the Convention, Annex I countries are required to communicate a national inventory of anthropogenic emissions by sources and sinks of all greenhouse gases to the extent that its capacities allow. Through Decision 10/CP.2 and Decision 17/CP.8, the Convention provides guidelines for preparation of National Communications for non-Annex I countries.

The importances of GHG inventories were noted. Most notably, the figures are fundamental to the monitoring and implementation of the Convention and the Kyoto Protocol. The inventories are essential for discussion on the work of future commitments (Annex I Parties) and for possible contributions to work on CDM projects.

Dr. Sanchez listed transparency, consistency, comparability, completeness and accuracy as the principles of the UNFCCC guidelines for GHG national inventories. These principles are detailed in the 1996 IPCC Guidelines for National Greenhouse Gas Emission Inventories and in the IPCC Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories (GPG for Land Use, Land-use Change and Forestry adopted at COP-9). The primary recommendations for non-Annex I Parties was for detailed and transparent presentation of inventory data which should include uncertainties analysis and key sources assessment. Quality control/assurance issues should also be addressed. The IPCC GPGs provides advice on the aforementioned recommendations. The use of GPG LULUCF was particularly encouraged for Annex I countries.

Because National GHG inventory is a key element of National Communication, the IPCC has provided a detailed plan of the various stages that may be followed by non-Annex I countries. These Guidelines are provided for in **Decision 17/CP.8** and also address the years to included at each stage of reporting. For example, in the Second NC, the inventory year to be reported is 2000. If data is available, Parties could report for year from 1994 up to and including 2000. In any case, it is advisable to revise any data from the first inventory when executing the second NC.

With respect to methodologies, Dr. Sanchez stated that Parties should only use the latest version (Revised 1996) of the **IPCC Guidelines for National Greenhouse Gas Inventories**. The use of the IPCC Guidelines may be enhanced by IPCC software and complemented by IPCC GPG. The delegate from Cameroon commented that the IPCC has many methodologies and that circulation of the information was a problem. He suggested that developing countries be given the latitude to “make the methods their own.” Dr. Sanchez added that a “perfect database” of information does not exist.

Dr. Sanchez’s Guidelines for National Communications addressed reporting (institutional arrangements, global warming potentials, sources of information, levels of uncertainty and problems that may arise for non-Annex I countries due to lack of resources. She concluded the section of the presentation by noting elements that could improve the quality of GHG inventories for National Communication. These included financial support from GEF and bilateral sources, continuing efforts of technical teams of preparation of framework for a national management system and wide application of new Guidelines for preparation of National Communications.

GHG inventory in the Land-Use Change and Forestry Sector is plagued by many of the same shortcomings such as methodological limitations, lack of data and high uncertainty. Dr. Sanchez

provided an extensive list of definitions of Land-Use Change processes and reviewed the different categories of carbon sources and sinks. She also advised on how evaluation of GHG inventories might be more accurate by identifying sources of uncertainty (lack of data, low-quality data and lack of transparency) and stressed that the GPG2003 is meant to overcome these uncertainties—GPG1996 was not equipped to address many of these issues.

Dr. Sandro Federici of the Italian Agency for the Environment began his presentation on UNFCCC Reporting Requirements. He opened by noting that National Communication (steps a country is taking to implement the Convention) is conducted on a periodical basis whereas National GHG Inventory (anthropogenic emissions by sources and removals by sinks) is conducted annually.

Principles of National GHG Inventory include transparency, consistency, completeness and accuracy. The inventories should be prepared using IPCC guidelines and guidance.

Brazil stressed that degradation is also a source of GHG emissions. Dr. Federici noted that due to diverse data gathering techniques, countries have different definitions of degradation and added that Annex I countries also have different definitions.

Mexico detailed its national strategy on REDD and stated that it was using 2007 inventory data to track back and determine pre-1990 levels of deforestation. Because 1997 and 2007 data were gathered using different methods, Mexico was not confident in their accuracy. Dr. Federici stated that as much data as possible should be used.

Gabon cited other factors contributing to uncertainty such as experience and political instability. Gabon asked Dr. Federici how best to ensure that methodologies are as common as possible. Federici stressed that all countries should work toward a common goal. Gabon asked if a common regional strategy might be achieved. Federici responded that the science is possible.

Dr. Danilo Mollicone of the University of Alcalá and the Max Planck Institute for Biogeochemistry next spoke on “The Basis for Consistent Representation of Land Areas.” Dr. Mollicone reviewed a number of IPCC forestry and land use definitions and introduced three IPCC-approved approaches for representing land areas. He also pointed out areas of uncertainty unique to each approach. The delegates viewed different monitoring techniques such as Landsat Imaging.

The advantages and limitations of several different techniques of data interpretation were evaluated with Dr. Mollicone emphasizing that reproducibility, consistency, transparency and accuracy assessment are more important than the method.

Dr. Mollicone noted that Brazilian scientists are using new methods to monitor degradation. The representative from the United Nations Food and Agriculture Organization added that data gathering is usually separate from analysis/accounting. The language used is different.

IPCC author Dr. Zoltan Somogyi of the Hungarian Forest Research Institute conducted the presentation, “Estimating Carbon Stocks and Carbon Stock Changes on Forest Land.” This presentation was based on the work of numerous IPCC authors.

Dr. Somogyi noted that the IPCC is responsible for a number of diverse and useful Assessment and Special Reports. He also stressed the importance and utility of the IPCC Methodological Reports: 1996 Revised Guidelines, the 2003 Good Practice Guidelines for LULUCF and the 2006 Guidelines. Dr. Somogyi continued by detailing benefits of the IPCC Guidelines such as international recognition, consistency, comprehensive and flexible. He noted specifically that the 2006 Guidelines yielded more data, was more user friendly and minimized uncertainty.

Cameroon commented that because the IPCC has developed many methodologies, circulation may be a problem. How does a country assess GHG emissions in all categories and how do developing countries “make methods their own?”

Dr. Sanchez of the UNFCCC replied that the methodologies of deforestation and degradation are essentially the same and that a “perfect database” does not exist.

Singapore asked for clarification regarding carbon emissions from soil.

Dr. Somogyi concluded his presentation by advising that the 2006 IPCC Guidelines might be used as a starting point.

Dr. Giacomo Grassi of the European Commission-Joint Research Center discussed “Reporting Emissions and Removals from Forests/LULUCF Experience in Europe and the Challenges for REDD. Dr. Grassi’s talk covered, the importance of good reporting, reporting of Annex I countries, LULUCF reporting in Europe and challenges for REDD reporting.

Up until a few years ago, Dr. Grassi noted that there were up to 15 different definitions of methodology in Europe. Congo asked for any clarification on which methods were most effective.

Because deforestation is not as prevalent in Europe, the use of satellite data for estimating land use changes is not widely used. European Union member states measure biomass change. Most member states use the default IPCC method which is Gain-Loss. This method considers all processes while the Stock-Change Method uses primarily time difference and is considered safer. Dr. Zoltan Somogyi warned that factors within the Gain-Loss method may be biased.

Panama asked if satellite data is useful as it is the technology most readily available. Grassi replied that because forests are reasonably accessible in Europe, satellite technology is rarely used but stated further that on method, in principle, is not appreciably better than others. Dr. Mollicone added that Europe does not have extensive experience with satellite technology.

Ghana asked that “uncertainties” be further defined and how they might be assessed for useful analysis. Dr. Grassi stressed that an “objective” methodology be employed that uses more than one valid approach to minimize uncertainty. Ghana further inquired about the existence of a “survey of methodologies” to analyze REDD and make an informed decision. Dr. Grassi emphasized consistency when developing such methodologies and stated that other factors such as national circumstance and reliability of the data also play a role in such development.

Gabon mentioned the variety of forests and called for development of basic and specific methodologies.

With respect to REDD, Dr. Grassi suggested that one application of the European monitoring experience that might be transferable is the Principle of Conservativeness. This idea states that to best counter incompleteness and uncertainty, it is best to take measures ensuring that reductions of emissions are not overestimated or overstated. The conservativeness principle would increase the credibility of any REDD mechanism, ensure higher REDD values, stimulate broader participation and increase the comparability of estimates across countries.

Dr. Peter Holmgren of the United Nations Food and Agriculture Organization spoke on National Forest Monitoring and Assessment in Developing Countries. Specifically, his presentation detailed the role of the UN FAO in supporting forest monitoring and assessment.

Holmgren reminded the delegates that forest policy has objectives across numerous categories such as economic, socio-cultural, inter-sectoral as well as environmental. Opportunities for synergy are obvious. After introducing the specifics of the FAO monitoring and assessment program, Dr. Holmgren reported that the FAO regards remote sensing as a “good second option” for national accounting.

Malaysia requested clarification of various forest monitoring techniques. Dr. Holmgren deferred to Dr. Mollicone who stated that with the right support, forest monitoring can be done anywhere.

Peru informed the delegates that because of different images from different years, the country relied heavily on expert and government supported extrapolation of data.

Bolivia recommended that the FAO become more flexible in its support of developing countries citing the different needs of individual states. Holmgren emphasized the need for some sort of “standard” amongst all developing countries.

Dr. Danilo Mollicone then took the floor to update the delegates on his work with various agencies in Papua New Guinea. Mollicone took the opportunity to remind the delegates that countries are required to report using 1996 IPCC Guidelines but are encouraged to use the latest GPGs. He conceded that many developing countries have capacity deficiencies and cannot accomplish this. Some of Mollicone's own work with the FAO and the UNDP, however, has had less to do with "capacity building" and has addressed preparations for methodologies.

With respect to data gathering, Mollicone suggested that regional inventory analysis within for example, the Congo Basin, could provide valuable and reliable information.

Dr. Mollicone went to Papua New Guinea to analyze readiness and found 15 individuals with REDD expertise. He suggested to the delegates that this was enough to get started and such a native team could be identified in other developing countries. After six months, Papua New Guinea now stands ready to report on emissions within less than two years using the latest IPCC Guidelines. This is contingent on support from the relevant UN Agencies and the World Bank. Depending on national circumstance, other countries within CfRN might be able to report in substantially less time than Papua New Guinea. Mollicone also reminded the delegates that countries do not have to report immediately.

Dr. Mollicone concluded his update by recommending immediate mobilization of developing countries' technical personnel and that the FAO and the UNDP should help "train the trainers."

Tim Clairs and Charles McNeill of the United Nations Development Program conducted the presentation, UNDP and REDD Implementation. Drs. Clairs and McNeill summarized the Risk Management Challenges of a REDD mechanism and noted that much of these risks are likely to be borne by the REDD developing countries.

The UNDP future plans include the development of new risk management strategies and to integrate REDD strategies into the national development processes. Work will also continue to build upon current UNDP projects such as fiscal decentralization, local governance, and forest conservation. The UNDP will work to support UN efforts to "Deliver as One."

Drs. Clairs and McNeill then outlined the next steps of the UNDP REDD plans. These include initiating and maintaining partnerships with the FAO, the UNEP, and the Forest Carbon Partnership Facility (FCPF) of the World Bank. They pledged to develop national REDD joint programs and to continue to consult with the CfRN.

Benoit Bosquet and Ken Andrasko delivered an update on the World Bank's Forest Carbon Partnership Facility (FCPF). Dr. Bosquet gave lead a short discussion of the anticipated dispensation of the \$200m Readiness Fund and the \$100m Carbon Finance (project) fund. He

reminded delegates that the Readiness Plan Idea Note (R-PIN) application form had been revised and is easily accessible online. Bosquet encouraged those countries who found the form difficult to revisit the website and complete the new R-PIN. A list of those R-PINs received by the World Bank was made available to the delegates.

Bosquet acknowledged that the FCPF needs to consult with other parties on pricing emission reductions as the private sector has been making inquiries. He admitted that the FCPF believes it to be too early to engage the private sector. Bosquet concluded the presentation with a list of scheduled and planned meetings and workshops.

The Democratic Republic of Congo (DRC) opened with general questions. The delegate asked how Papua New Guinea raised the money for its assessment? What is the R-PIN eligibility? Are all forests considered? Is the information available in other languages?

Mr. Kevin Conrad responded that the funding came from the European Commission and the Max Planck Institute. Dr. Mollicone elaborated that the revenue from Max Planck was from a research study.

The delegate from DRC voiced concern over donor revenue claiming that various agencies and NGOs require money and exhaust the funds. Mr. Conrad added that developing countries should negotiate with the agencies, manage the funders and stipulate that agencies work together.

Dr. Bosquet agreed that governments should manage the donors and agencies. He responded to the question about RPIN eligibility by stating that tropical and sub-tropical forests will be considered—countries will not be excluded by ecosystem. Bosquet said that the World Bank will try to accommodate all languages and has issued most of its literature in English, French and Spanish.

Gabon raised concerns about the experience of developing countries to actually implement a REDD mechanism and reiterated the call for a clear strategy for all rainforest nations—along the line of what is being done in Papua New Guinea. Gabon asked specifically about the impact a REDD mechanism would have on indigenous peoples and asked about the absence of the Global Environment Facility (GEF). Mr. Conrad noted that the GEF charter prohibits them from participating in carbon credit initiatives.

Based on previous experience, Bolivia warned that NGOs rarely work out and that in itself poses a big challenge. She mentioned that the indigenous people of Bolivia were meeting 17 March 2008 to discuss climate change and will later discuss REDD in consultation with the World Bank.

Papua New Guinea asked how might developing countries effectively work with NGOs as they are one of many stakeholders in the process.

The UNDP said it strives to work with international and domestic NGOs and stands committed to integrating REDD in national strategies.

Panama stated that while NGOs do pose a challenge they are necessary partners in capacity building. The Panamanian delegate thanked the World Bank for revising the RPIN and credited the revision for Panama's recent submission. Panama observed that REDD should not replace but complement any national plan and reminded delegates that ecosystems and biodiversity dominated the debate at COP-11 in Montreal and these ideas should complement a REDD scheme.

Dr. Bosquet of the World Bank reminded the delegates that REDD had long been an element of environmental discussions it was just never defined until recently. He urged the delegates, when submitting the RPIN, to "tell a story" and communicate how REDD and biodiversity are complementary.

Cameroon stated that NGOs often "change the rules of the game" and do not represent a link between the government and the people as they claim. He further observed that information must be circulated more effectively to ensure that countries actually receive the money that has been pledged.

Dr. Bosquet encouraged countries to solicit help from the World Bank and other agencies. For example, he stated that the World Bank is willing to provide informal feedback to countries that submit an RPIN. He added that Norway is looking for contacts in the Congo Basin to help with the dispensation of funds. The Norwegian government is consulting with the World Bank on this issue but the Bank will have no role in identifying ultimate funding targets.

The UNDP stated that it is willing to work with other agencies after roles are clearly defined and agrees with developing countries that all should "agree on terms of engagement."

Gabon observed that NGOs are not evil and serve a purpose. He added that unlike governmental agencies, NGOs gain the donors trust and this is why they are powerful in Gabon.

Congo stressed the need for good governance and transparency when pricing carbon which should be impressed upon future buyers and sellers. Papua New Guinea agreed and further observed that governance should be reciprocal and transparent. The World Bank proposed a pricing meeting at the upcoming climate change talks in Bangkok, Thailand.

Mr. Kevin Conrad of Papua New Guinea opened the discussion session by reviewing key elements of the Bali Action Plan. He noted that forest conservation will be considered with deforestation and degradation. Conrad also highlighted that positive incentives are for national mitigation activities and that the Bali Action Plan also stressed the importance of sub-national methodologies.

Gabon inquired whether it might be prudent to fashion a “strategy or political proposal” before discussing technical issues. Papua New Guinea replied that the collaborative efforts over the next two days will attempt to formulate such a strategy. Gabon stated the importance of having a concrete strategy in place before attending to technical methodologies. Mr. Conrad of Papua New Guinea observed that developing countries know what to do; they now need to know how to do it. Cameroon agreed with Papua New Guinea but also called for guidelines and a clear strategy for moving forward.

Costa Rica added that the delegates should bear in mind that efforts at this workshop should not result in perverse incentives. She stressed further that REDD strategies need to advance biodiversity and ecosystem development.

Brazil clarified its position by stating that it is not totally against the idea of credit for early action. The Brazilian delegate also observed that under some circumstances, the value of a ton of carbon is not necessarily globally uniform.

Bolivia noted the potential of the carbon market and the benefit for developing countries but also stressed that contributions from Annex I countries with respect to climate change is vital. Bolivia questioned whether a REDD mechanism can or should change consumer habits in Annex I countries. Technically, Bolivia prefers a national approach in accounting. Papua New Guinea added that CfRN must help countries that are not prepared for a national approach.

Panama called for an economic analysis of national and sub-national approaches from country to country. The effectiveness of sub-national approaches should also be measured. The Panamanian delegation also called for a measured tone for the workshop that is not too timid nor too ambitious in scope and objective. Any strategy or outcome of the meeting should stress that climate change is a phenomenon for all countries and that Annex I countries also experience climate disasters. Panama also stated that REDD should not be isolated as the sole objective—countries need to address mitigation and adaptation.

Papua New Guinea reiterated its concern of how developing countries help other developing countries prepare for a national approach.

Ghana commented that more research was needed to reinforce a market mechanism. Belize asked whether debt swaps might be a potential revenue stream. Papua New Guinea stated that developing countries need to position forests as a revenue stream.

A rotating roster of co-facilitators led each discussion category. Dr. Danilo Mollicone provided scientific and technical support and background.

Assessment of Forest Cover Change @ Associated Changes in Carbon Stock and GHGs (Joseph Amougou, Cameroon and Robert Bamfo, Ghana)

Dr. Mollicone opened this session by stating that each country needs a unique strategy and that there is time to refine reporting strategies. IPCC efforts thus far could serve as a starting point; Annex I countries currently use some of the methods. Mollicone urged delegates to apply the “conservativeness principle” as this will make data more trustworthy or robust.

Ghana (co-chair) asked how often measurements should be made and Guyana noted that some countries lack capacity for an initial assessment. Gabon commented that technical issues should not divide countries and that the coalition must act to help those developing countries that do not have the revenue for forest assessment.

Bolivia asked the following: What is the IPCC methodology for degradation? How can IPCC guidelines be improved? Dr. Mollicone answered that IPCC guidelines are flexible and can be used effectively in a variety of countries. Various projects are in operational which use remote sensing to assess forest cover. However, it is up to each country to define the standards of measurement. Mollicone noted Brazil’s methodology is “state of the art” and can be used as a model. Data from Brazil’s system is freely available. NASA is also providing data free for research purposes. The delegate from Brazil reiterated that technology should not separate nations.

Cameroon (co-chair) asked Brazil to openly share its assessment technology, possibly through the Coalition for Rainforest Nations.

Malaysia asked how a country begins to set baselines. Bolivia asked for a formal definition of forests and put forward the idea that REDD mechanisms should be based on FAO terminology.

Dr. Mollicone responded that the UNFCCC definition of forests is broad but does not need to be changed. It is flexible and if applied correctly, it is adequate for all countries.

Gabon commented that a common definition serve as a “common denominator” for developing countries. Brazil expressed skepticism regarding multiple definitions and informed the delegates that there are over 50 definitions for degradation in Brazil.

Dr. Mollicone stated that it was important to have a framework definition but it should be flexible enough to allow each country to refine it for its purposes. He added that the IPCC would provide help to countries struggling to determine forest definitions. Ghana (co-chair) acknowledged the need for IPCC support.

The Central African Republic expressed concern about the timing of execution as his country is not ready for such activity.

Demonstration of Reductions: Reference Emissions Levels (Gisela Ulloa Vargas, Bolivia; Eduardo Reyes, Panama)

Kevin Conrad of Papua New Guinea introduced this section by posing the following questions to the delegates: How does a country assess what happened in the past? How does a country use this information for the future in a manner that is not a mere extrapolation?

Panama (co-chair) noted that historical emissions data may not be available and different countries have made various degrees of progress. How should countries integrate data from different time periods?

Congo asked whether countries with low deforestation rates should consider alternative revenue streams. Papua New Guinea noted that countries may negotiate higher reference levels and cited the actions of Australia as a precedent. Auction revenue from industrialized countries was also seen as a potential alternative revenue source.

Gabon mentioned a need to find overall consensus on how REDD may contribute to development and therefore must agree on a “historical adjustment factor.”

Papua New Guinea noted that limited past deforestation must be considered when defining a baseline. Panama (co-chair) observed that as other sources of revenue diminish, forests come under pressure. Because of this development, Panama identified the need for a common reference point and stated that future circumstance also be considered. Bolivia added that increased revenue would enable forest projects.

Costa Rica believed historical levels should be used if available but also stated that the alternative revenue streams suggested by Papua New Guinea should also be considered. Liberia stated that all factors of deforestation should be considered when setting national reference levels.

Gabon supported the adjustment factor suggested by Papua New Guinea. Papua New Guinea stressed that countries should agree on a limited timeframe, i.e. minimum 5 years, but it may (depending on country circumstances) extend further into the past.

Peru introduced the idea of diminishing deforestation and the need for countries to develop a strategy to deal with this situation.

Mexico supported Papua New Guinea’s proposal of a five year minimum but asked how far into the past should a country go back. He added that Mexico has three potential reference levels.

Papua New Guinea reiterated the five-year minimum as a standard but if older data is available, that should also be used to determine a reference level.

Brazil suggested that such reference level be negotiated every 3-5 years. Dr. Mollicone cautioned that this might lead to a “never ending negotiating phase” and repeated his support for historical reference levels.

Bolivia observed that projections are unique to each country and are based on factors such as performance and political will and stability. It is not the basis for negotiation under the Convention.

Demonstration of Reductions: Estimation of Reductions from Forest Degradation (Etienne Massard Kabinda, Gabon; James Ole Kiyiapi, Kenya)

Dr. Mollicone opened the session by stating that it was now possible to measure degradation using methods different from deforestation assessment. Evaluation of carbon stock is accomplished only through field work—remote sensing is ineffective.

Gabon (co-chair) reminded the delegates that degradation is carbon release without land use change.

Papua New Guinea related that degradation in his country is driven by population growth. There is an increasing demand for fire wood and fuel wood. Belize voiced similar experiences with degradation.

Bolivia’s current efforts to assess degradation are linked to measurements of illegal logging. The initiative to date has been successful. Gabon (co-chair) asked for elaboration. Bolivia reported that Dr. Carlos Sosa is using an algorithm method. He is analyzing road access to forests as legal loggers use well-known roads. Dr. Mollicone noted that Sosa is also using remote sensing.

The Dominican Republic stated that it has increased forest cover by almost 35% and called for a common definition of degradation as a first step to develop a clear plan to fight it.

Mexico asked the following: How does a country measure unmanaged forests? How can one manage forest disease? He noted that measuring degradation in managed forests is not difficult. Kenya called for an analysis of human interaction with forests that would serve as a basis for understanding both deforestation and forest degradation.

Brazil called for an update on the advances in the analysis of forest degradation while Papua New Guinea asked the delegates if they should request further IPCC review of degradation.

Dr. Mollicone stated that after extensive review, the IPCC failed to come up with a broad definition. The IPCC now defines degradation as a change in carbon stock in forests that remain forests. He stressed, however, that a definition is not a solution.

Honduras requested a definition of mixed and pure forests. Mollicone conceded that attempts to refine degradation methodology resulted in confusion. Cameroon was uncertain whether the IPCC definition allayed the concerns of all nations. Dr. Mollicone urged all delegations to acquaint themselves with IPCC definitions and methodologies.

Role of Conservation, SMF and Enhancement of Forest Carbon Stocks (Samsudin Musa, Malaysia; James Singh, Guyana)

Dr. Mollicone informed the delegates that conservation has only recently been recognized. Nevertheless, countries may consider forest conservation with REDD accounting using a conservation adjustment factor.

A forest sector technique may be used in countries experiencing expansion in forest land. This is measured by the difference in carbon stock over a specific application period. India and Costa Rica currently use this technique. Dr. Mollicone further observed that forest conservation is a well-defined adjustment factor.

Costa Rica requested a definition of “large” intact forest areas. Mollicone suggested the term “large” is a value proportional to the country’s size. He added that it is up to the countries to select the appropriate mechanism.

Cameroon asked: How did European countries increase carbon stocks since World War II and how can the techniques be applied to the Congo Basin? Dr. Mollicone stated that this mechanism was developed to be inclusive of all countries and is regarded as an opportunity to use carbon stock change as an eventual tradable credit. Mollicone observed that conservation should be an idea that can be used in the framework dialogue.

Papua New Guinea said the Coalition for Rainforest Nations will be proactive and will suggest methods to address conservation. Dr. Mollicone informed the delegates that conservation will be an object of negotiation for years and suggested that a technical solution must be considered with a REDD mechanism. He reminded colleagues that Annex I countries use the Forest Sector Mechanism.

Gabon voiced exception to the idea of a “reward” with respect to REDD. He stated that developing countries sincerely want to fight climate change. He informed colleagues that Gabon has managed forests since the Rio Conference and stressed that CfrN must agree on a common mechanism that would benefit all coalition countries.

Ghana called for more active scientific work to support conservation and the idea of a conservation adjustment factor. He believes current scientific work is lacking and data is too scarce to support the conservation adjustment factor.

Accounting and Implementation (National and Subnational) (Adriano Santhiago de Oliveira, Brazil; Angel Marla Parra Aguiar, Paraguay)

Brazil (co-chair) requested that delegates consider the “conservativeness principle” when addressing accounting and implementation issues.

Cristobal Sequeira of the Coalition for Rainforest Nations and former Nicaraguan Minister of the Environment observed that the multiple views on methodology and strategy is due to the unique characteristics and circumstances within each country. He stated that all countries should accept these differences and work to share knowledge and tools.

Minister Sequeira suggested that a point person hired to coordinate the work of UN agencies and the World Bank would facilitate the technology transfer needed to ensure reach a common goal. Such personnel would identify common capacities, help implement IPCC-compliant practices and generate reports to the UNFCCC. According to Minister Sequeira, additional workshops to expand upon Dr. Mollicone’s presentations and to develop a plan for adoption of his suggestions are also vital.

Bolivia agreed and discussed the need for a national accounting system. She recognized that this requires additional capacity building and the development and cultivation of political will. Nevertheless, she believes a national monitoring system is achievable if methodologies to resolve issues such as leakage can be developed.

Brazil expressed doubt about the ability of countries to account nationally. Paraguay agreed and stated that it has employed sub-national methodologies. He added that Paraguay is currently attempting to implement IPCC guidelines but a mechanism is years away. The sub-national approach is presently necessary because 95% of Paraguayan land is in private hands.

Mexico stated that monitoring and accounting systems are needed at the project level and that Mexico’s monitoring system itself was re-started in 2007. While Mexico is currently well positioned to do work at the project level, the country believes a national approach is possible.

Panama believed that implementation at all levels is necessary and that while Panama is not ready, they will work to a national accounting system which they deem as the most logical approach.

Brazil stressed that a project-by-project progression is important.

The Dominican Republic cited the need to incentivize private owners to participate in REDD projects. The private sector must participate in the DR and the government must be mobilized to facilitate this participation.

Papua New Guinea observed that a national accounting system is the only way to deliver a product to the market. He stated further that CfRN must help countries like Paraguay to implement a national accounting system.

At the conclusion of this session a team comprised of Gisela Ulloa Vargas (Bolivia), Cinithia Soto (Costa Rica), Danilo Mollicone (Max Planck Institute), Federica Bietta (CfRN) and Paul Chung (CfRN) prepared the first draft of the Submission of Views—Reducing Emissions from Deforestation in Developing Countries: Approaches to Stimulate Action. The Submission will be presented at the twenty-eighth session of the SBSTA.

After preliminary review, the delegates discussed the first draft of the Submission of Views.

The Democratic Republic of Congo asked that countries “refer” to the outcome of COP-13 rather than “strong support” of it. Cameroon supported the DRC and noted that the introduction should not function as a conclusion. Parties agreed to the change.

Cameroon requested a definition of perverse incentives. Costa Rica cited the Kyoto Protocol deficiency that provides compensation for afforestation/reforestation but not deforestation. Therefore a country must deforest to be compensated.

Ghana requested that “outstanding methodological issues” be added to the introduction but parties did not agree to the change. Ghana also asked for clarification of “policy approaches.” Papua New Guinea (chair) responded that the phrase was taken from the Bali Action Plan and its definition within the Submission is consistent with that usage.

Guyana, supported by Papua New Guinea, suggested the mandate reflect the paragraph 7 of the Decision 2/CP.13. Parties agreed with changes forthcoming.

With respect to **Methodological Issues, Assessments of changes in forest cover and associated carbon stocks and greenhouse gas emissions**, Peru noted that IPCC 2006 Guidelines are not completely relevant and cannot be applied but only referred to. Parties agreed to stipulate relevancy in future drafts of the Submission.

The Democratic Republic of Congo proposed adding other observatories/institutions as potential partners with the Brazilian program PRODES. Parties could not agree on a specific citation.

Peru suggested adding language that states the UNFCCC/IPCC review process reflect the immediate concerns of developing countries. Parties agreed and relevant text was added under “Further IPCC Work.”

Brazil requested that the Conservativeness Principle be referred to as a “proposed” idea. Parties agreed.

Papua New Guinea, supported by Dr. Mollicone, proposed that the Submission define the Conservativeness criteria as a reporting principle and applied as such. Parties agreed.

Gabon pointed out that sustainable management of forests is currently being used with respect to REDD. Parties concurred and relevant language was added under, **Enhancing sinks due to sustainable management of the forest.**

Brazil, Paraguay and Malaysia all took exception to the reference to Kyoto Protocol Article 3.4 and requested that it be deleted. Agreed to a general idea of allowing developing countries use the same methodology as that afforded Annex I countries. Parties agreed to deletion of the reference and the proposed language.

Panama and Costa Rica, supported by Guyana, requested that with respect to the “development adjustment factor” reference to specific factors such as GDP and per capita income be deleted. They were concerned that richer developing countries might use the elements perversely. A more general reference to country circumstance was agreed.

Dr. Mollicone offered more information on the freely available Landsat satellite global data set for 1990, 2000, and 2005 provided by NASA. The information was deemed useful to developing countries to set basic reference levels and relevant language was added to the Submission.

Uganda asked why the reference period needed to be at least 5 years. Mollicone answered that emissions from REDD can be unstable and he cited El Niño. Five years lends necessary stability.

Mexico offered specific forest information. He stated that 22 million hectares of forests are untouched, 20 million hectares are in danger of deforestation and 10 million hectares fluctuate but due to sustainable forest management are stable over time. Mexico employs both sustainable management of forests and conservation techniques. He concluded that any national strategy will come from this scenario.

Papua New Guinea stated that conservation is a “hard sell” within the UNFCCC with a flow instrument. It is problematic because it is unreasonable to be asked to be compensated for doing nothing.

Bolivia regards Sustainable Management of Forests and Conservation as separate ideas. Aspects of each may be used together but the two are really distinct issues.

Costa Rica emphasized that it backs conservation within any REDD scheme.

Gabon asked if countries should consider differentiated payments for different types of forest, i.e., managed and unmanaged.

Papua New Guinea, supported by Cameroon, advised against co-mingling objectives and as the framework stands pointed out that carbon values from different types of forest are appropriately valued.

Guyana asked for additional language detailing all types of capacity support needed for a national accounting system. This was agreed and text was added under **Reporting and Implementation**. Per a proposal by Papua New Guinea, language referencing a national inventory report to be reviewed by the Secretariat was also added in this section.

Papua New Guinea then suggested addressing the performance liability. He reported that such measures were necessary to secure private sector participation. The instruments would be designed to minimize transactional risk and would be subject to national circumstances. The following instruments were proposed: ex-post payments, trust accounts, reserve accounts and inter-period accounting. Parties agreed to add a provisional performance liability section to the Submission.

Mr. Kevin Conrad thanked all Parties for their participation. He reminded them of the deadline and advised them that the CfRN secretariat would be prepared to receive additional comments and /or questions regarding the text. All Parties were dismissed with the understanding that all reserved the right to make further proposals to the Submission within the specified time frame.

