

SBSTA: Discussion to continue on non-market alternatives to REDD+

Geneva, 21 June (Kate Dooley and Hilary Chiew) – The contact group considering methodological guidance for non-market-based approaches (NMBA) and methodological issues related to non-carbon benefits for reducing emissions from deforestation and forest degradation (REDD+) will continue discussions on the issue at the 41st and 42nd sessions of the UNFCCC's Subsidiary Body for Science and Technological Advice (SBSTA), as no agreement was reached by Parties on the need to develop methodological guidance for these issues at the Bonn session in June.

Divergent views were expressed over the mandate to continue discussing NMBA as alternative policy approaches to REDD+, with Bolivia saying this mandate was continued by outcomes of COP 19 in Warsaw (2013). However, other countries such as Indonesia, Norway, the European Union and the United States said that if NMBA approaches were an alternative to REDD+, they should be discussed under a different agenda item. Brazil emphasised that it sees the Warsaw Framework on REDD+ as already providing methodological guidance for NMBA, as REDD+ is a non-market approach; hence no further methodological guidance was necessary.

In the 10 June contact group, co-chaired by Peter Graham (Canada) and Robert Bamfo (Ethiopia) for this agenda item, draft conclusions were presented for consideration. Co-chair Graham reminded Parties that the aim was to conclude this agenda item in Bonn, explaining that while paragraph 4 in the draft conclusions referred to on-going discussions for non-carbon benefits, this would be in the context of the on-going safeguards discussion on REDD+.

In the closing contact group on 14 June, text was eventually agreed by including a footnote referencing mandates from SBSTA 38 and SBSTA 39, as well as paragraph 8 of decision 9.CP/19 (from Warsaw), which encourages financing entities to continue to provide financial resources to alternative policy approaches, such as the Joint Mitigation and Adaptation mechanism.

The final conclusions which were adopted by SBSTA 40 were as follows:

“Non-market-based approaches

1. *The SBSTA took note of the views submitted ... on methodological guidance for non-market-based approaches as requested at SBSTA 38.*

2. *The SBSTA took note of the outcomes of the in-session expert meeting on this matter requested at SBSTA 38 and held in Bonn, Germany, on 6 June 2014, and requested the secretariat to prepare a report on that meeting for consideration at SBSTA 41 (December 2014).*

3. *The SBSTA agreed to continue its consideration of the development of methodological guidance on non-market-based approaches at SBSTA 41. (A footnote was added here referencing mandates from SBSTA 38 and SBSTA 39, as well as paragraph 8 of decision 9.CP/19).*

Non-carbon benefits

4. *The SBSTA recalled that the Conference of the Parties, by decision 9/CP.19, paragraph 22, recognized the importance of incentivizing non-carbon benefits for the long-term sustainability of the implementation of the activities referred to in decision 1/CP.16, paragraph 70.*

5. *The SBSTA took note of the views ... on the issues referred to in decision 1/CP.18, paragraph 40.*

6. *The SBSTA agreed to continue its consideration of methodological issues related to non-carbon benefits at SBSTA 42 (June 2015)."*

Below are highlights of the interventions of Parties during the contact group meetings as well as at the closing plenary of SBSTA on 15 June.

Contact group 10 June

Bolivia said that Parties had started discussing NMBA in Durban, and concluded in Warsaw that alternative policy approaches to results based payments are needed. It said that a decision is now needed to develop methodological guidance for alternative approaches such as (emphasis added) the Joint Mitigation and Adaptation mechanism (JMA), not just to continue to support alternative approaches.

Brazil, supported by **Indonesia**, commented that NMBA has been a politically charged subject for some time, with little common ground in discussions. Brazil said that paragraph 4 of the draft conclusions did not define alternative policy approaches and sends the wrong message that there are still methodological issues to be discussed for NMBA. It also said it is not sure that this reflects the general feeling in the room, where many Parties have said that this is a discussion on alternatives to REDD+ and hence should be discussed somewhere else. It suggested that another existing agenda item, a new SBSTA agenda item, or a new item outside SBSTA might be better places for this discussion, noting that it did not see this as part of agenda item 13(b) (non-market-based approaches) as that would contradict the Warsaw Framework for REDD+, which it understands as a non-market approach.

The **European Union (EU)** said that if discussions on this should continue then it should be done elsewhere, outside the UNFCCC. It said that as REDD+ is already mostly a non-market based approach, the existing methodology is already applicable to a NMBA. The EU did not see the need for further guidance. **Papua New Guinea, Indonesia, and Norway** made statements indicating that they do not have clarity on what the NMBA is and agreed with Brazil and the EU that alternative policy approaches should be discussed somewhere else.

The Philippines said that REDD+ is not just about mitigation, as the safeguards also refer to

adaptation. It said clarification is needed that NMBA are a host of different approaches, which have to be taken into account when talking about REDD+. It said that there is no debate on the need to deal with the JMA. If it is not part of REDD+, it is just a matter of where the NMBA (such as the JMA) should be appropriately placed, saying that there needs to be a home for this particular item. **Ghana** said they are sympathetic to the idea of NMBA, but need more understanding to accommodate this.

Colombia on behalf of the Independent Association for Latin America and the Caribbean (AILAC) said that conclusions here were dependent on on-going discussions on NMBA under SBSTA agenda item 13b (non-market-based approaches). It said that AILAC recommends closing this agenda item here.

On non-carbon benefits (NCB), **Brazil** said Parties must be careful not to create additional requirements or additional layers for existing REDD+ strategies. Brazil said that if NCB are inherent in the creation of REDD+ activities, then they would not need to be required in all phases.

Co-chair Graham said that the draft conclusions would be revised based on feedback and suggested Parties engage in bilateral consultations to submit text proposals that had wide support.

Closing Contact group 14 June

Co-chair Graham opened the closing contact group saying that Parties were unable to reach consensus at this session, therefore work will continue on these items at following sessions of the SBSTA. He added that during discussions on NMBA, including at the in-session expert meeting, Parties had clarified their understanding of how NMBA support REDD+ activities; however positions remained clearly divergent and attempts by the co-chairs to find common ground were unsuccessful. Hence, this agenda item will continue at SBSTA 41, he said further.

In consideration of non-carbon benefits (NCB), Graham said that discussions at this session noted views submitted by Parties and observers. These included some common recommendations that NCB are specific to national, sub-national and regional circumstances, as well as divergent views on the role of NCB in results-based payments for REDD+. He said that Parties encouraged the

sharing of experience and lessons learned on this topic, but there was disagreement on the need and appropriateness of considering finance recommendations for NCB in the SBSTA conclusions. He said discussions will continue on this agenda item at SBSTA 42, and if there are no objections from Parties these draft conclusions will be forwarded to the SBSTA Chair for the closing plenary on 15 June.

Bolivia took the floor to say that for consistency with previous COP (meeting of the Conference of Parties) decisions and SBSTA outcomes, paragraph 3 of the draft conclusions should reference decision 9.CP/19, paragraph 8, and mandates from SBSTA 38 and 39 on methodological guidance on NMBA as an alternative policy approach to results-based payments.

Brazil said it had problems with paragraph 3 of the conclusions, as it could be read as saying that the Warsaw Framework on REDD+ is not an applicable methodology for NMBA. It said that it has been established that there is no finance negotiations track; therefore, there is no need for any further methodological guidance on this issue. It added that Bolivia's clarification that Parties are talking about alternative policy approaches rather than results-based payments might be a way forward. Brazil also said it sees issues of NMBA and NCB as closely interlinked and does not see how these items can be resolved separately.

The **Democratic Republic of Congo (DRC)** said that the draft conclusions text presented lacks a way to move forward, with NCB deferred to SBSTA 42. It expressed concern that there are no submissions or workshops in the meantime to make progress, on either NMBA or NCB.

Co-chair Graham responded that as Parties had been unable to agree on the need for a workshop or submissions, hence the default procedure is to take this up again at SBSTA 42.

Venezuela said that as the SBSTA has been considering whether to develop this guidance for some time now, it would like to move to an agreement to develop the guidance.

China supported the DRC that a workshop to continue discussions would help Parties to move forward.

Indonesia reminded Parties that there was no agreement at this session to develop

methodological guidance on NMBA. Hence, it agreed with the draft conclusions and suggested adding 'such as JMA' after NMBA, for consistency with decision 1.CP/18 paragraph 39 (SBSTA 38, which established a work programme on results based finance for REDD+).

Japan said that considering the time shortage paragraph 3 should not be changed. **Norway** said that it could support the text with a footnote, or simply no outcome, as there was no time for alternative wording.

Bolivia said that it is important to be clear on mandates and prior context in this discussion, saying that as the SBSTA 38 mandate is before the Warsaw decision, Parties must now consider the discussion in the context of the Warsaw decision. Given there is an explicit COP decision that NMBA are alternative policy approaches to results-based finance, the footnote must also note this (decision 9.CP/19 paragraph 8, and decision 10.CP/19 paragraphs 1 and 3g).

Following some discussion on whether to refer to paragraph 8 of decision 9.CP/19 in the preambular text or in the footnote along with mandates from SBSTA 38 and 39, co-chair Graham stressed that a paragraph would involve more words and hence more potential for different interpretations, while the purpose of a footnote would be to simply note relevant decisions. Following no objections to this explanation, Graham agreed to forward the draft text with the footnote to the SBSTA chair for the closing plenary of June 15.

At the SBSTA closing plenary

Disagreement among Parties on the mandate for the development of methodological guidance for forest-related activities came to a head at the closing plenary of SBSTA 40 on 15 June.

Brazil expressed its frustration that Parties could not go beyond procedural matters on REDD+. It said the Warsaw Framework on REDD+ effectively concluded, providing all the methodological guidance required in decision 14/CP.19. It was against further technical requests and setting conditionality for assessing finance. It is of the opinion that discussions on NCB and alternative approaches such as the JMA cannot be solved under the same mandate as decision 1/CP.16. Therefore, it invited all Parties to conclude this agenda item at the next SBSTA meeting.

Australia speaking for the Umbrella Group said it heard a diverse set of views but it did not hear consensus that NMBAs needed to move forward. It said the Warsaw Framework completed the methodological guidance for REDD+ and provided sufficient flexibility for implementation according to national circumstances. It did not see the need for further guidance.

Mexico representing the Environmental Integrity Group said from its perspective, the Warsaw Framework provided all the methodological guidance and it agreed with Brazil that there is no added value in continuing the discussion that could delay REDD+ activities. It recognized that JMA is important and encompassed issues larger than REDD+ linked to other decisions and processes. It saw the linkages of NCB and NMBA and requested the guidance of the Chair to permit Parties to continue the discussion outside this particular agenda item so that the current item could be concluded in the next session.

Malaysia said it is of the view that the consideration of all methodological guidance has been completed under the Warsaw package. It noted that the scaling up of finance is not reflected sufficiently and was also of the view that if needed, a separate track of discussions would be useful. It said clarity on the way forward is needed.

Indonesia agreed with others that the Warsaw Framework had provided the guidance to start with results-based finance on REDD+. It also agreed that JMA was not addressed in the framework. It said although Parties expected that SBSTA 40 could clarify the methodological aspect that was still needed for the JMA, Parties could not reach any agreement and hoped that it could be achieved at SBSTA 41.

In an immediate response, **Bolivia** retorted that since there was no agreement in agenda item 5, SBSTA 40 concluded to continue its consideration on NMBA at SBSTA 41. It did not want any prejudging of the outcome of the negotiations. It said that Brazil and other Parties have already stated their positions in the (contact group) sessions and there was no agreement in this regard. Bolivia added that the Bali Action Plan established the need to develop policy approaches and policy incentives for the reduction of emissions from deforestation and forest degradation. The mandate is in plural and

so far, only some approaches have been developed. The development of methodological guidance for JMA approaches is still a remaining issue under agenda item 5. It said that all decisions since Durban (COP17) were oriented to preserve the fragile balance in the agenda item with the inclusion of the recognition of JMA approaches for the integral and sustainable management of forests as a NMBA.

Since 2013 (COP19), Bolivia said, JMA approaches have also been recognized as alternative policy approaches to results-based payments in the context of the Warsaw Platform REDD+. It said that it was not fair for Bolivia to hear positions that the discussions on REDD+ had finished and that alternative policy approaches and NMBA are issues that can no longer be considered in the agenda item 5. It warned that this is breaking down the mutual trust and good faith that all Parties must have in the negotiations.

Bolivia added that paragraph 67 of decision 2/CP.17 notes NMBA such as JMA for the integral and sustainable management of forests as a non-market alternative could be developed. The discussion of JMA and alternative approaches and non-carbon benefits as non-market-based approaches has not concluded and should remain in the agenda item 5 until the development of methodological guidance for their implementation. Also, paragraph 39 of decision 1/CP.18 requests the SBSTA to consider how non-market-based approaches, such as JMA approaches for the integral and sustainable management of forests, as referred to in decision 2/CP.17, paragraph 67, could be developed. The SBSTA 38, paragraph noted that non-market-based approaches, such as JMA approaches for the integral and sustainable management of forests, are important to support the implementation of the activities referred to in decision 1/CP.16, paragraph 70.

In addition, Bolivia said that decisions of COP19 in Warsaw (paragraphs 8 of decision 9/CP.19 and paragraphs 1 and 3 (g) of decision 10/CP.19) have recognised that JMA for the integral and sustainable management of forests are alternative policy approaches to results-based payments in the context of REDD+. Therefore, even if REDD+ is a non-market-based approach, there are remaining issues in the development of non-market-based approaches, particularly the development of methodological

guidance for JMA approaches for the integral and sustainable management of forests. It requested that its intervention to be reflected in the report of the meeting.

Venezuela in supporting Bolivia said discussion of JMA approaches should be continued for a completion of the agreement to deal with forest

matters. **Saudi Arabia** said as a procedural matter, it supported Bolivia. It was too early to prejudge the outcome and decisions should not be made to conclude the agenda item until the next meeting.

SBSTA Chair Emmanuel Dlamini (Swaziland) said he had taken note of the statements.