

**Non-paper No. 11**

03/10/09 @ 12.00

**CONTACT GROUP ON ENHANCED ACTION ON MITIGATION AND  
ITS ASSOCIATED MEANS OF IMPLEMENTATION**

**Subgroup on paragraph 1 (b) (iii)  
of the Bali Action Plan**

**(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)**

**Revised annex III C to document FCCC/AWGLCA/2009/INF.2**

**Non-paper by the facilitator**

This non-paper contains text from subsection 1 (paras. 106–112), subsection 2 (paras. 113–114), subsection 3 (paras. 115–121) and subsection 4 (paras. 122–124) of chapter III, section C, on pages 110–129 of the revised negotiating text (FCCC/AWGLCA/2009/INF.1), as consolidated by the facilitator and Parties of the sub-group on mitigation under paragraph 1 (b) (iii). The approach to the consolidation of the text emerged from exchanges among Parties at meetings of the sub-group, bilaterals with the facilitator and Party consultations between 29 September and 2 October 2009. The text in subsection 5 has not been changed and remains the same as the original text in document FCCC/AWGLCA/2009/INF.1.

The paragraphs in this non-paper have been renumbered sequentially, including the paragraphs of subsection 5. The box in document FCCC/AWGLCA/2009/INF.2 (page 106) detailing the structural proposals reflected in document FCCC/AWGLCA/2009/INF.1 has not been included, as this subgroup has not discussed these proposals as part of this consolidation exercise.

[1. Objectives, scope and guiding principles

*Objectives and scope*

1. [All Parties should collectively aim at halting forest cover loss in developing countries by 2030 at the latest and reducing gross deforestation in developing countries by at least 50 per cent by 2020 compared to current levels.]
2. Developing country Parties should contribute to enhanced mitigation actions in the [forestry sector] [land use, land-use change and forestry sector] [agriculture, forestry and land use sector], and the following activities [shall][should]

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include [reducing emissions from deforestation and forest degradation [, maintaining existing carbon stocks and enhancing removals] [or increasing forest cover through afforestation and reforestation], [while promoting][enhancement of carbon stocks through [sustainable forest [and land] management] [sustainable management of forests].]

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be included:

- [(a) Reduction in deforestation rates;
- (b) Reduction in forest degradation;
- (c) Stabilization of forest cover (and thereby forest carbon stocks);
- (d) Conservation and maintenance of forest carbon stocks through sustainable management of forests;
- (e) Enhancement of forest carbon stocks through conservation and sustainable management of forests, and/or increase in forest cover through afforestation and reforestation.]

3. Actions to be undertaken by Parties referred to in paragraph 2 above shall:

*General principles*

- (a) Contribute to the objective set out in Article 2 of the Convention;
- (b) Be country driven and voluntary;
- (c) Be undertaken in accordance with countries' capabilities and national circumstances and respect sovereignty;
- (d) Be consistent with national sustainable development goals;
- (e) [Facilitate sustainable development, reduce poverty and respond to climate change in developing country Parties, rather than be a way to help developed country Parties to fulfil their commitments to reduce emissions;]
- (f) Promote broad country participation;
- (g) Be consistent with the adaptation needs of the country;

*Specific principles*

- (h) [Be integrated into nationally appropriate mitigation actions;] [Be developed within the context of a low GHG emission strategy;]
- (i) Be subject to equitable, adequate, predictable and sustainable financing and technology support, including support for capacity-building;
- (j) Be results-based;
- (k) [Support developing countries in reorganizing the forestry sector, thus implementing low-carbon economies and taking part in the global effort to stabilize and reduce GHG concentrations in the atmosphere and developed country Parties to help meet their ambitious quantified emissions reduction targets;]
- (l) Promote [sustainable forest management] [sustainable management of forests].

*Principles - safeguards*

4. When undertaking actions referred to in paragraph 2 above Parties shall:

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- (a) Ensure that non-permanence is addressed;
- (b) Ensure that necessary actions are taken to [avoid leakage][reduce leakage as much as possible];
- (c) [Ensure that appropriate governance structures are put in place to facilitate the appropriate use of funds provided;]
- (d) Ensure that the actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements;
- (e) [Ensure that the full and effective participation of all relevant stakeholders, including indigenous peoples, forest dwellers and local communities, prior to and during the design, planning, implementation, monitoring and evaluation of actions referred to in paragraph 2 above;][Include full prior and informed consent of all relevant stakeholders, including indigenous peoples, forest dwellers and local communities;] [Be consistent with the provisions established under the respective national legislation or, in its absence, in accordance with the United Nations Declaration on the Rights of Indigenous Peoples;]
- (f) [Ensure that the actions are consistent with the conservation of biological diversity.] [Protect biological diversity, including safeguards against the conversion of natural forests to forest plantations.] [Promote social and environmental benefits, such as biodiversity and other ecosystem services.]

5. Developing country Parties aiming to undertake actions referred to in paragraph 2 above shall develop:

- (a) A national [implementation plan] [action plan] [strategy] [or subnational strategies and, where applicable, subnational actions] [, as part of their low-carbon emission strategies,] in accordance with national circumstances;
- (b) National reference emission levels and/or national reference levels in accordance with their national circumstances and respective capabilities;
- (c) A robust and transparent national monitoring, reporting [and accounting] system for emissions and removals in the forestry sector [in accordance with national circumstances and capabilities] [,with the establishment of subnational accounting as an optional interim measure].

6. Actions to be undertaken by Parties referred to in paragraph 2 above [should] [shall] be implemented in successive, gradually intensifying phases, beginning with the development of national [implementation plans] [action plans] [strategies] and core capacity-building (phase 1), followed by the implementation of national policies and measures in combination with compensation for proxy-based results for emission reductions [and removals] (phase 2), and finally evolving into a results-based compensation for fully measured, reported and verified emission reductions [and removals] (phase 3) from activities referred to in paragraph 2 above.

## 2. Means of implementation

7. Recognizing the need for financial support for capacity-building, technology transfer, policy implementation and institutional arrangements [necessary for strengthening forest governance], scaling-up demonstration activities, and measuring, monitoring and verifying emission reductions and increases in removals, and changes in carbon stock from the forest sector, readiness for activities referred to in paragraph 2 above [including activities to be implemented up to 2012] shall be financially supported through

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[the establishment of a [Readiness fund][Special REDD-plus fund][a new and additional fund]. The funds shall come from contributions from [developed country Parties], [market-linked revenues], [innovative funding sources, including auctioning of national emissions trading allowances or of assigned amount units at international level, and penalties or fines for non-compliance of developed country Parties with their emission reduction and financial resources commitments]. These funds shall be [new and additional to ODA,] [complementary to GEF, and bilateral and multilateral funding].]

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[a window of the relevant financial mechanism established under the Convention through [an International Climate Fund][a special climate change fund][a mitigation fund].]

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[existing funds and institutions, including multilateral, bilateral and domestic arrangements.

8. Acknowledging that the need for financial support will vary by country and over time, and depending on national circumstances [as countries progress through phases of implementing nationally appropriate mitigation actions in relation to activities referred to in paragraph 2 above].]

9. [The full implementation phase of [strategies and actions] [activities] in developing country Parties referred to in paragraphs 2 and 5 above, including early actions, [should][shall][be supported by] [should be financed by]]

[Option 1

the use of public funds, through one or more of the following approaches:

- (a) Specialized REDD-plus funds or funding windows established under the COP, including one or more of:
  - (i) Trust funds for community forestry accounts;
  - (ii) Forest reserve fund for conservation and sustainable forest management;
- (b) A Convention adaptation fund to support conservation and [sustainable management of forests][sustainable forest management].]

[Option 2

access to and use of markets:

- (a) through issuance of carbon credits [tradable emission reduction or removal units] for emission reductions resulting from reduced deforestation and forest degradation, [and for conservation and for removals resulting from enhancement of carbon stocks in existing forest;]
- (b) or [through allocation of assigned amount units from the respective allocations to relevant Parties].]

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A [flexible] combination of market approaches and funds, depending on host countries' preferences for actions referred to in paragraph 2 above, such as:

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- (a) A fund [additional to ODA] for [conservation, enhancement of carbon stocks, sustainable management of forests, reducing emissions from deforestation and forest degradation] [, stabilization of forest cover, conservation and maintenance of carbon stocks through sustainable forest management] [, reducing emissions through sustainable land management practices, including forest conservation, sustainable forest management, the avoidance of deforestation, afforestation and sustainable agriculture;] [,capacity-building, technology transfer, policy implementation, etc;]
- (b) A market-based mechanism for [supporting enhancement of carbon stocks through sustainable forest management, reduced emissions from deforestation and forest degradation] [, certified emission reductions to contribute to compliance with part of the countries' quantified emission limitation and reduction commitments under the Convention].]

*See footnote below<sup>1</sup>*

3. [Measurement, reporting and verification of actions] [Measurement and monitoring system]

10. [When establishing national reference emission levels [and][or] or national reference levels, taking into account [the application of a correction factor to reflect] national circumstances [,historically low deforestation and forest degradation, developmental divergence, and respective capabilities and capacities], developing country Parties that are requesting support shall follow the guidance decided by the [COP] [Meeting of the Parties to this Agreement at its first session] to be adopted at its [xx] session on how to establish the levels[, including ways to address [domestic] leakage] [if applying sub-national approaches] [for demonstration activities] [and the development of guidance in monitoring and reporting with the full effective engagement of indigenous people and local communities.]]

11. [A global reference level for future emissions and removals from the forestry sector and other selected land use and land-use change categories and activities from developing countries shall be established in order to avoid carbon leakage and to ensure the environmental integrity of the mechanism. The methodology for the establishment of a global reference level shall:

- (a) Be robust and based on objective, measurable and verifiable criteria;
- (b) Ensure additionality both at the national and global level compared to business as usual scenarios.]

12.

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[As part of the measuring, reporting and verification process described in paragraph xx (*in measuring, reporting and verifying of NAMAs*), Parties shall measure and report the quantitative reduction greenhouse gas emissions achieved and/or changes in forest carbon stocks in relation to the national reference emission levels [and report on the involvement of indigenous peoples and local communities and on the consistency with sustainable forest management, noting, inter alia, the relevant provisions of the United Nations Forum on Forests, United Nations Convention to Combat Desertification and the Convention on Biological Diversity].]

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<sup>1</sup> Move paragraphs 7, 8 and 9 above to chapter IV.A on Finance.

Access to support for full implementation phase does not limit access to support for activities under Paragraph 7.

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[Parties aiming to implement actions referred to in paragraph 2 above [duly supported with assured funding], [[under the [NAMA registry] [on the basis of their national [implementation plans][action plans][strategies] referred to in paragraph 5 above,][following relevant guidance [covering, inter alia, eligibility criteria for access to support,] [while recognizing that higher levels of measurement, reporting and verification will be required for market-based eligibility]] [to be] provided by the [COP] [Meeting of the Parties to this Agreement]][on the basis of the advice received from the SBSTA][shall][should]:]

- (a) [Submit [information on their actions][national [implementation plans][action plans] [strategies] referred to in paragraph 5 above [including information on the extent and type of support requested [, including market-based eligibility] and the nature of the actions to be supported] [, including national capacity needs assessments,] to [the Conference of the Parties] [the future REDD coordination mechanism under the Convention];]
- (b) [Report information on the implementation of national [implementation plans][action plans][strategies][actions] referred to in paragraphs 2 and 5 above[, readiness activities, including policy implementation and demonstration activities];]
- (c) [Develop [national forest inventories] robust national monitoring systems for estimating quantitative reduction of greenhouse gas emissions [or quantitative increments in removals] [and/or changes in carbon stocks][in the land use, land-use change and forestry sector], in accordance with the [relevant][most recently adopted] IPCC guidelines [and methodologies] [for greenhouse gas inventories][,taking into consideration indigenous traditional knowledge and local communities];]
- (d) [Measure and report [and register in their National Schedules] [existing forest carbon stocks,] the quantitative reduction of greenhouse gas emissions [or quantitative increments in removals] achieved and/or changes in carbon stocks in relation to the [reference emission level][reference level] [or the aggregate reductions achieved by its registered subnational activities] [national reference levels for emissions and/or removals, where relevant];]
- (e) [Report information on actions referred to in paragraph 2 above [taken up to 2012] [during the period from 2005 up to the date a Party gives notice under this paragraph] [for consideration of credit for early action];]
- (f) [Report on [identified co-benefits [such as biodiversity]][the involvement of indigenous peoples and local communities and on the consistency with sustainable forest management, noting, inter alia, the relevant provisions of the United Nations Forum on Forests, United Nations Convention to Combat Desertification and the Convention on Biological Diversity];]
- (g) [Quality assurance and quality control regulations;]
- (h) [Record the information mentioned in para 12 Option 2 (a)–(g) under the NAMA registry.]

13. [Verification of [reported greenhouse gas emissions reductions and removals resulting from] actions referred to in paragraph 2 above shall be carried out in accordance with guidelines to be [agreed][decided] by the [COP] [Meeting of the Parties to this Agreement] by [a [national] expert review team][a measurement, reporting and verification technical panel][, peer reviewed by a team of [international] experts][and in the case of sub-national scale activities by an independent body] [under] [the guidance of][appointed by] the [COP] [Meeting of the Parties to this Agreement at its first session] [a coordinating REDD mechanism].]

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14. [To maintain the environmental integrity within and between international agreements on climate change, at the end of an agreement period, any final surplus in accounted emissions reductions and removals or enhancements compared with the reported quantity should be transferred to a subsequent international agreement on climate change.]

4. Measurement, reporting and verification of support

15.

Option 1

[Means for measuring, reporting and verification of support by Parties shall be undertaken in accordance with general provisions regarding the reporting, measuring and verifying of NAMAs.]

Option 2

[[Developed country] Parties, when providing support to actions referred to in paragraph 2 above in developing countries, [shall][should] provide information on the extent and type of support, and the nature of the action for which the support is provided [to be entered in the NAMA registry].]

16. [Measurement, reporting and verification of support provided [by developed country Parties to developing country Parties] for actions referred to in paragraph 2 above [should][shall] be carried out [by a technical panel comprised of experts equitably balanced between developed and developing countries][by the expert panel appointed by the COP as referred to in paragraph 13 above].]

5. Institutional arrangements, including funds

17. [Effective forest governance is a prerequisite for managing forests sustainably and should be promoted at all governance levels, from national to sub-national to local level.]

18.

[Option 1]

The financial arrangements to support REDD-plus actions above should be included as part of the broader financial framework proposed to support NAMAs in developing countries (see paras. xx and xx above and chapter IV below).]

[Option 1.1]

Specialized funds, funding windows and a board shall be established by the COP, as well as mechanisms to link the various funds. Each of the funds could be advised by an expert group or committee supported by a technical panel/technical panels.]

*Alternative to paragraph 125 (original text from FCCC/AWGLCA/2009/INF.1)*

[Developing country Parties may be eligible to seek funding through the REDD Window of the International Climate Fund.

A special allocation shall be provided through the REDD Window to assist developing country Parties to establish develop community-based trust funds to support local actions associated with reducing emissions from deforestation and forest degradation.

The COP (or Conference of Parties serving as the assembly of Parties), in collaboration with other organizations, shall develop regional REDD centres.

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The purpose of regional REDD centres shall be to assist developing country Parties build their capacity in measuring, reporting and verifying nationally appropriate mitigation actions associated with reducing emissions from deforestation and forest degradation.]

[Option 2

The financial arrangements to support REDD-plus actions should be developed for REDD-plus activities in developing countries, and should:

- (a) Be under the guidance and authority of the COP;
- (b) Ensure full transparency, efficiency, effectiveness, openness and the equitable and balanced representation of [all] Parties;
- (c) Provide coherence and coordination between various sources of financing.]
  - (i) [[Secure] [Provide] adequate, predictable and sustainable financial resources]
  - (ii) [Ensure under the authority of the COP the development and application of guidance and criteria on which REDD-plus action can be funded by which financing mechanism]
  - (iii) [Coordinate implementation through internationally accredited agencies while leveraging the efforts already undertaken by the World Bank's Forest Carbon Partnership Facility and the UN-REDD Program]
  - (iv) [Include ongoing activities coordinated through existing institutional arrangements]

*Move paragraphs 125 and 126 (original text from FCCC/AWGLCA/2009/INF.1) to chapter IV.A on Finance*

[Option 3

A specific body shall be established to supervise REDD-plus actions. An entity or group of entities or bodies shall be designated by the COP [to verify and certify the emission reductions [or removals] achieved] [to assess the emissions and removals]

*Move paragraph 127 (original text from FCCC/AWGLCA/2009/INF.1) to chapter II.B, subsection 5 on Institutional arrangements*

19. [Issues identified by Parties in the context of paragraphs 110–127 (original text from FCCC/AWGLCA/2009/INF.1) above as requiring further elaboration at the appropriate time include rules and modalities in relation to activities or necessary arrangements, provisions for linking the information on readiness and implementation of REDD-plus actions with the financial resources.]]

[Alternative to section C:

**A. OBJECT AND PURPOSE**

x.1 to x.6	(original text from FCCC/AWGLCA/2009/INF.1)
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**B. DEFINITIONS**

x.7	(original text from FCCC/AWGLCA/2009/INF.1)
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**C. SCOPE**

x.8 to x.9	(original text from FCCC/AWGLCA/2009/INF.1)
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**D. PRINCIPLES AND GUIDELINES**

x.10 to x.11	(original text from FCCC/AWGLCA/2009/INF.1)
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**E. MEASUREMENT, REPORTING AND VERIFICATION (MRV)**

x.12 to x.15	(original text from FCCC/AWGLCA/2009/INF.1)
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**F. REFERENCE LEVELS**

x.16 to x.21	(original text from FCCC/AWGLCA/2009/INF.1)
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**G. PARTICIPATION**

x.22 to x.25	(original text from FCCC/AWGLCA/2009/INF.1)
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**H. MODALITIES AND PROCEDURES**

x.26 to x.37	(original text from FCCC/AWGLCA/2009/INF.1)
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**I. INSTITUTIONAL FRAMEWORK**

x.38	(original text from FCCC/AWGLCA/2009/INF.1)
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Annex A to E	(original text from FCCC/AWGLCA/2009/INF.1)
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