Lessons learned from the Norwegian International Climate and Forest Initiative on REDD+ MRV

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Background and main objectives of the International Climate and Forest Initiative

Background

- Launched at COP13 at Bali in December 2007

- Project Team at the Ministry of Environment – cooperates with the Norwegian Ministry of Foreign Affairs and other relevant ministries, in place since mid-2008

- Aims to contribute to reduced global warming by reducing emissions from deforestation and forest degradation (REDD+) in developing countries

- Promoting sustainable development and poverty reduction is an overriding goal for the initiative, as with all Norwegian foreign development policy

Objectives

- To work towards the inclusion of emissions from deforestation and forest degradation in a new international climate regime

- To take early action to achieve cost-effective and verifiable reductions in greenhouse gas emissions

- To promote the conservation of natural forests to maintain their carbon storage capacity

Financing:
A coordinated approach – creating knowledge – fast actions

Allocation to		Size (~USD)	Timing
The UN-REDD Programme	•National REDD strategies in forest countries •International methodology development •Sharing of experiences and lessons learned	82 mill	2008-2010
Forest Carbon Partnership Facility	•National REDD strategies in forest countries •Sharing of experiences and lessons learned	40 mill	2008-2010
Forest Investment Programme	Transformational change in pilot countries	50- 150 mill	2010-2012
Congo Basin Forest Fund	Support to COMIFAC countries	Up to 83 mill	2008-2010
Brazil (Amazon Fund)	Results based	Up to 1 bn	2008 -2015
Indonesia	Results based	Up to 1 bn	2011 -
Guyana	Results based	Up to 250 mill	2010-2015
Tanzania	•Support to national REDD efforts •Pilot experiences and methodology development	Up to 83 mill	Over 5 years
Mexico	REDD methodology development (MRV)	Up to 15 mill	2010-2012
Civil Society	Pilot experiences and methodology development	60 mill	2009 + 2010

Performance-based REDD+ partnerships are starting up

Case examples: Brazil and Guyana

	The Amazon Fund	**Guyana REDD+ Investment Fund (GRIF)**
Setup	Private fund created by government of Brazil and managed by the Brazilian Development Bank (BNDES)	Guyana's Ministry of Finance responsible for the GRIF's operations. International financial institution will act as manager
Objective	Reduce deforestation by 80% by 2020 compared to 1996-2005 levels	Retain and potentially further reduce low deforestation and degradation rates
Finance mechanism	Fund is performance-based[1]	Fund is performance-based[1]
Commit-ments	USD 1 bn by 2015 – conditional on results	USD 250 mn by 2015 – conditional on results

1 The amount of payments in a particular year will depend on the level of emission reduced from deforestation within that year compared to reference levels

Some key challenges and Norway's point of view on how to resolve them

1 How to ensure that the reduction of deforestation takes place – and how to measure results?

2 How to ensure sustainable develop-ment, conservation of biodiversity, indigenous people's rights, good governance and benefit sharing?

3 How to prevent national and inter-national "leakage" (deforestation decreases in one area, while it increases in another)?

- Pay for measurable, reliable and verifiable reporting of performance …
- … but governance measures and stakeholder involvement should be a criteria for large-scale support
- Focus on national level strategies, building of capabilities and expertise in the recipient country
- Systematic cooperation with NGOs, and relevant research institutions
- Coordination of international efforts
- Support for high-deforestation and low-deforestation efforts…
- … and avoided deforestation of natural forests

MRV in bilateral agreements - Guyana

- Detailed MRV roadmap developed through multi-stakeholder process.

- A Joint Concept Note (JCN) describes a set of interim performance indicators. The JCN is updated as experience is gathered and methods tested.

- The reference level incentivises keeping deforestation low.

- Implementation of the MRV roadmap is conducted by Guyana, assisted by consultants. Capacity building is an essential part of the ToRs for consultants.

- Results are verified every year by an independent third party.

Joint concept note available at:
http://www.regjeringen.no/upload/MD/2011/vedlegg/klima/klima_skogprosjektet/Guyana/JointConceptNote_31mars2011.pdf

MRV in bilateral agreements - Guyana

- **Deforestation indicator:**

- Gross deforestation

- **Degradation indicators:**

- Loss of "Intact Forest Landscapes"
- Forest management (logging)
- Indirect carbon loss from new infrastructure development
- Illegal logging
- Forest fires

- **Indicators that are to be included at a later stage:**

- Subsistence forestry, and shifting cultivation
- Increased carbon sink capacity of non-forest and forest lands

MRV in bilateral agreements - Guyana

Box 3:
How will results based payments be calculated?

To calculate the results based payments due to Guyana based on the results in any given year, the following steps will be followed:

1. Subtracting Guyana's reported and verified <u>deforestation rate</u> from the agreed interim <u>reference level</u> of 0.275%;

2. Calculating the carbon emission reductions achieved through avoided deforestation (as compared to the agreed reference level) by applying an <u>interim and conservatively set estimate of carbon loss</u> of 100tC/ha. This value will be replaced once a functional MRV system is in place. The interim carbon loss figure corresponds to $367tCO_2/ha$.

3. Subtracting from that number changes in emissions – on a ton-by-ton basis – from forest <u>degradation</u> as measured against agreed indicators, as specified in Table 2.. In calculating the carbon effects of forest degradation, an interim and conservatively set carbon density of 400 tC/ha will be applied. Upon agreement under the UNFCCC on how to estimate and account for emissions from degradation, this approach will be adjusted accordingly;

4. The tons of "avoided emissions" is then multiplied with an interim carbon price of US$ 5/ton CO2, as established in Brazil's Amazon Fund.

5. If the deforestation rate in a given rate exceeds 0,056, the payments will be gradually reduced as a proportion of the sum derived through step 1-4 above, or cease (if at or exceeding 0,1 per cent), as stipulated in section 3.1.3, box 2.

MRV in bilateral agreements - Guyana

Box 2:

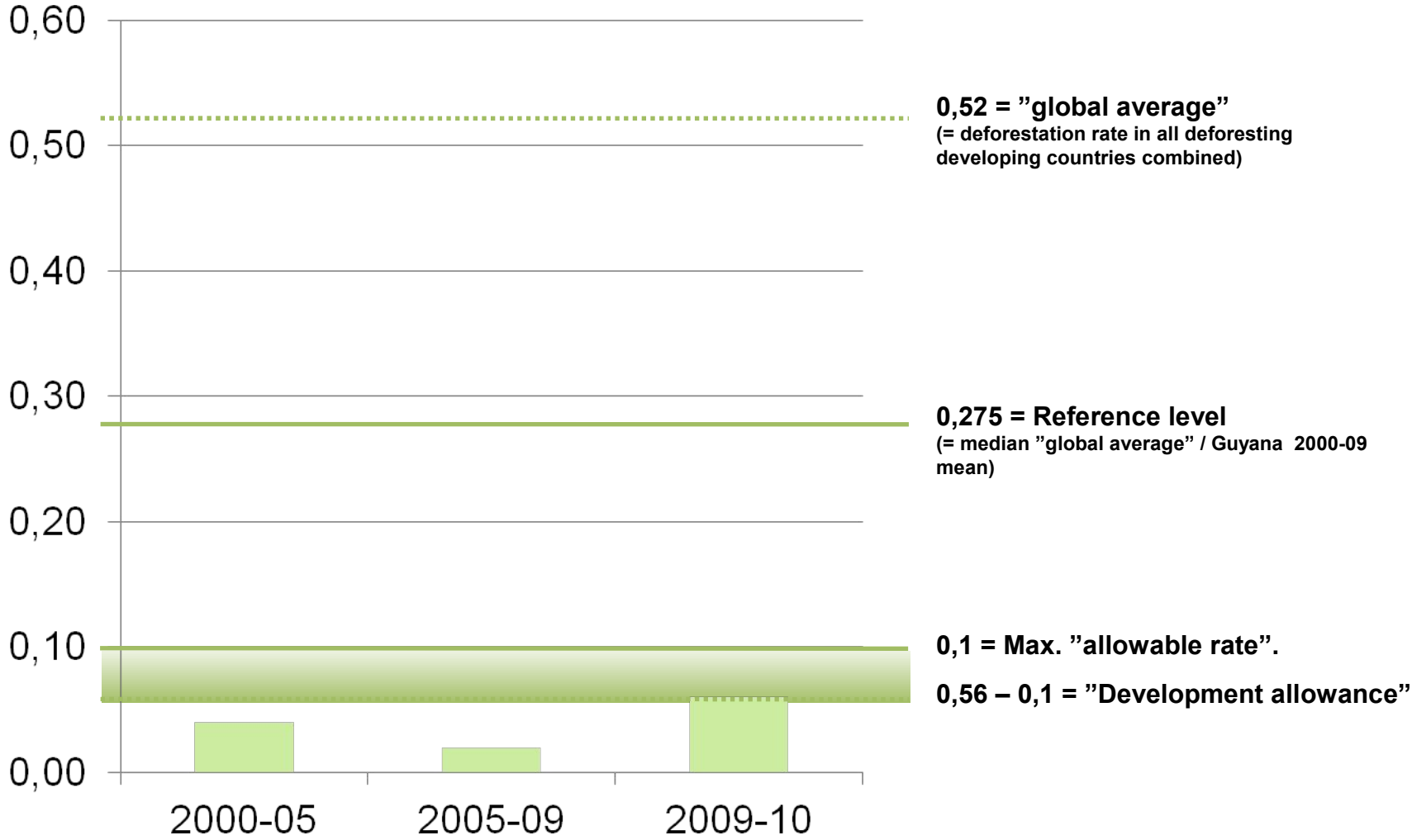Mechanism for reducing results based payments if deforestation rate exceeds the agreed maximum level (0,056%)

Deforestation rates (%)	Up to 0.056	0.057-0.062	0.063-0.080	0.081-0.090	0.091-0.1
Reduced compensation (% per 0.0015 increased deforestation)	0	1,5	2,0	2,5	3,0

Examples of reductions in compensation at levels above agreed maximum level:

Deforestation rate (%)	Up to 0.056	0.07	0.08	0.09	0.1
Reduced compensation (%)		25	45	70	100

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The model:

0,52 = "global average"
(= deforestation rate in all deforesting developing countries combined)

0,275 = Reference level
(= median "global average" / Guyana 2000-09 mean)

0,1 = Max. "allowable rate".

0,56 – 0,1 = "Development allowance"

MRV in bilateral agreements - Guyana

- **Status**

- Second year report in final stage of verification.

- Deforestation rate remains low.

- JCN to be updated in the near future.

MRV in bilateral agreements - Indonesia

- LoI signed in May 2010

- Agreement further substantiated in the JCN later the same year

- MRV elements:

- Establishment of an independent, national MRV institution. Mandate for coordination, data access and reporting.
- Reporting of results from pilot province
- Reporting at national level. Payments for verified emission reductions

MRV in bilateral agreements - Indonesia

- **Status**

- Some delays becuase formalities have taken more time than expected.

- MRV-strategy developed in broad consultation process has had good progress this year.

- According to latest draft, the aim is that results from pilot province will be reported for 2012.

MRV in bilateral agreements – Recommendations for step-wise spproach

- Early action is key. Catalyzes progress and can, combined with conservativeness, still deliver reliable reports on emission reductions.

- Remote sensing data combined with conservative estimates on emission factors can ensure reporting from an early stage.

- Thorough verification process ensures credibility and gives valuable input to development of methods and indicators – this is valuable in all stages of MRV-development.

- Clear institutional landscape is important.

- MRV should developed as part of an overarching strategy for GHG-emission reductions.

- Historically based RL/REL is a good starting point – avoid overcomplicating.

Thank you!!