



GCF Task 1: Subnational REDD Frameworks

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Presentation adapted from Santarem for GCF Indonesia

Task 1 Objective

Develop a GCF report approved by all GCF members representing "state-of-the-art" thinking on key elements and design options for subnational REDD frameworks

To engage with third-party standards organizations (e.g. CAR, VCS, CCB+CARE, etc).

Task 1 Objective (cont.)

Identify key elements necessary to allow state/province REDD programs to sell REDD credits into emerging compliance markets



Task 1 Report – Issues

- Crediting pathways
- State-level accounting
- Project nesting architectures
- Monitoring, reporting & verification (MRV)
 - State-level performance
 - Nested project performance
- REDD Infrastructure
 - REDD Plan/Strategy
 - Registries
- Safeguards
 - Environmental
 - Protection of interests
 - Benefit sharing
- Multi-stakeholder processes
- Enforceability
- Linkage arrangements

Key Issues for Discussion

- Crediting pathways
- State/Province baselines
- Monitoring, Reporting, & Verification (MRV)
- Nesting architectures
- Other issues that should be addressed under Task 1?
 - Scope: RED; REDD; REDD+
 - Land tenure and carbon rights
 - Alternative sources of demand for REDD credits (beyond the compliance markets)
 - Others?

CREDITING PATHWAYS

TWO POTENTIAL PATHWAYS

- Credits issued by approved state/province REDD programs based on performance relative to crediting baseline and accepted into compliance systems
- Direct crediting by compliance system to nested projects that are reconciled with state-level accounting – need more clarity on nesting architecture and reconciliation
- **Crediting pathways need to take into account national compliance mechanisms and accounting frameworks while allowing for flexible and efficient crediting pathways including but not limited to direct crediting and credits issued by approved national/ state/ provincial REDD programs.**
- GCF should encourage BOTH pathways to accommodate different circumstances in different jurisdictions

STATE/PROVINCE BASELINES

TWO KEY ISSUES

- Emissions reference level – starting point based on historical data (5 to 10 years) with adjustments for stocks to account for different circumstances
- **REL: need to take into account a fair and balanced combination of historical and projected deforestation. Projected deforestation needs to be defined by clear and transparent standards, criteria and indicators that can be applied across all states/ provinces (such as license applications, demand for land, spatial planning, GDP, etc.).**
- Crediting baseline – specified reductions from emissions reference level
- **Crediting baseline: specified reductions no more than 10% less than REL**
- Issues for discussion: adjustments for stocks; reconciling reference level & crediting baseline choices in compliance systems with reference levels & targets/timelines in REDD jurisdictions

MONITORING, REPORTING, VERIFICATION (MRV)

- Regulations should not be too prescriptive
- Regulations should articulate key principles/criteria for MRV (and baseline determination)
 - Consistent with IPCC guidance and guidelines
 - Use of spatially explicit remote sensing
 - Quantification of uncertainty + conservative approach that uses bottom of uncertainty range
- Nested project MRV handled through approved third-party methodologies - Regulations establish some high-level criteria for nested REDD projects
- **Nested project MRV handled through approved national mechanisms and/or third-party methodologies. Capacity building for provinces needs to ensure effective implementation of national MRV systems.**

Project Nesting & Reconciliation Architectures

- Indonesia supports a staged approach to REDD nesting to support capacity building and institutional development (i.e. project nested in provincial system, province nested in national system).
- Reconciling "nested" project-level accounting with state/province accounting
- Significant challenges involved in designing "nested REDD" pathways
 - Who is responsible if project performs but state/province does not achieve crediting baseline?
 - Can offsets be generated if project activities were not pre-registered or spatially defined and land-tenure is not clear?
 - Are there conflicts between state/province REDD activities and project activities?
- KEY ISSUES:
 - Need feedback on the Terra Global report
 - Need to understand other nesting proposals

Proposed Timeline for Task 1

- September 27, 2010: Secretariat re-circulates revised Task 1 Report (and translations) to GCF members and stakeholders with formal request for comments
- October 11, 2010: TG to send out updated report with GCF Indonesia comments
- October 14, 2010: deadline for comments
- October 15, 2010: TG to send updated report to secretariat
- October 29, 2010: Secretariat completes revisions and sends to translators
- November 10, 2010: Secretariat circulates translated final version to GCF members for final review and endorsement
- November 22, 2010: GCF member endorsement deadline; final report issued; Task 4 prepares press release, etc.
- November 29-December 10, 2010: COP-16 Cancun

Possible Task 1 Objectives for 2011

- Further elaboration of design options for subnational REDD programs with technical workshops on specific issues
- Further elaboration of nesting and reconciliation of project-level activities with state/province performance
- Developing model linkage arrangements to link state/province REDD programs with compliance markets
- Further elaboration of safeguards and benefit sharing frameworks; Identification of innovative pilot initiatives
- Enhancing stakeholder input and participation; developing models for multi-stakeholder processes that can be adapted to different jurisdictions
- Focusing in more detail on some of the legal issues involved in developing compliance-grade REDD programs