**9 June 2011**

**Meridian Institute Side Event: Modalities for REDD+ Reference Levels**

Reference levels and reference emission levels are a difficult issue, laying at the heart of REDD+. Ultimately will determine ambition of developing countries that engage in REDD+.

Goals of Report:

* Describe the issues that UNFCCC negotiators need to address to develop modalities for REDD+ RL and REL.
* Modalities nedded to be ready for consideration by COP17.
* Provide a common base of understanding of issues, identifying areas of converngence and the choices that negotiators have to make. Have not developed a trade off analysis. Provide something that is not beyond the state of negotiations, but wanting to inform them.

Principal audience: SBSTA negotiators that will be defining modalities by COP17

First question: What are modalities? A set of requirement included in a decision of the COP formulating rules, standards, or terms of reference that help operationalize mechanisms or frameworks established under the Convention.

Why reference levels matter? RL/REL establish BAU baselines against which actual emissions are compared

* Emission reductions: difference between RLs and actual emissions
* RLs underpin de credibility of REDD+
* The process has positive implications, can inform development and implementation of REDD+ policies
* RL/REL are needed to determine the eligibility of UNFCCC parties for international, results-based support for REDD+ and to calculate that support on the basis of measured, reported, and verified emission reductions
* Compensation baseline (any GHG system, regarding if funded by public or market based mechanisms)
* CBs underpin the credibility of REDD+ financing
* CBS influence the potential effectiveness and efficiency of REDD+ funds

Principles

For development of RL modalities: Environmental integrity, Access, Simplicity

For the RLs submitted for Adoption: Objectivity, empirical basis, transparency, independence

Technical issues

* Scope of REDD+: Full scope is covered by the three categories in IPCCC
  + Forests converted to other lands: deforestation,
  + Forests remaining as forests: Forest degradation, conservation of forest carbon stocks, Sustainable management as forests, enhancement of forest carbon stocks;
  + Other lands converted to forests: enhancement of forest C stocks through AR)
* Historic emissions and removals
  + Existing data in many countries are of limited value and new data will be needed
  + Steps and data requirements are relevant at sub-national to national scale-key step is to establish a set of national standards
  + Needed data: definition of forests, select with C pools to include, measures of C stocks, identify drivers of forest cover change, interpret remote sensing data
* Adjusting National circumstances
  + Forest transition stage (potential indicators: deforestation trends, forest cover, GDP per capita)
  + Drivers: commodity prices
  + Development Plans and Policies: may affect future rates of forest conversion, integrate REDD + in national dev plans,
* Linking RLs to results-based finance
  + Should the compensation baseline be set equal to or adjusted from BAU?
  + Consideration relevant to the environmental integrity of a REDD+ mechanism: additionality definition and scale , effectiveness and efficiency, equity, avoiding international leakage
* Procedural Issues
  + UNFCCC adoption of RLs: several alternatives:
    - A single undertaking top-down process (realistically not an option due to lack of data)
    - A country driven sequential process (it can take a long time)
    - Hybrid process: political decision at the international level for preliminary levels and consolidation with country submissions, similar to A1 in LULUCF forest management
  + Temporal validity of RLs
    - May be renegotiated within a specific timeframe (as commitment periods on KP)
    - Resubmitted for review and adjustment (as CDM)
    - Automatically revised
    - Reviewed every X number of years e.g. in the context of national communications
  + Sub-national RLs
    - At minimum as robust as national level
    - Step towards the adoption of national reference levels
  + Related processes under the UNFCCC and Kyoto Protocol
    - LULUCF
      * Cancun Agreements annex lists reference levels for estimating emissions form forest management by developed country parties in a possible second commitment period. Values subject to review
    - CDM
      * Clarifying the role of enhancement of forest C stock

Potential outline for REDD+ RL Modalities a suggestion for SBSTA

* Principles
* Guidelines on RL development
* Data submission
* Notification of Preliminary RLs
* International Adoption of final RLs
* Data administration

[www.redd-oar.org](http://www.redd-oar.org)

Panel commentators

Tony La Viña: Report very useful can certainly inform the negotiations, recommends to add visual tools. Need a similar product for financing. Would have been nice to have a developing country co-author.

Q & A:

CIFOR, Daniel: Regarding CBs, to what extend equity can be addressed?

A: It is refer to equity between the countries, so LDCs or poorer countries receive full compensation and richer countries partial.

Peter H.: Redundancy on GDP and reference levels? What is the expectation of the correlation between GDP and reference levels?

A: It looks better in theory than reality, many countries with very high deforestation rates are still poor, Kucinich curves do not apply. Poverty-driven story is true for some part of the world but deforestation is driven largely by commercial activities.

Thais: Implication of temporary RLs for finance?

A: Did not discuss the relation between RLs and finance. The debate should come afterwards. Looking only to how to define BAU reference levels. Will need certainty in the reference levels to take the steps on financing. Discussion about modalities is initiated and ongoing, there is an interaction between what is happening outside of the UNFCCC due to bilateral agreements like the Amazon Fund. These experiences also should inform the reference levels.

Ethiopia: Critical mass of expertise between countries will vary.

Greenpeace: Consideration of environmental integrity (additionality, leakage and permanence), the report only mentions the first two principles. How do we deal with natural fluxes?

A.: question of permanence and natural fluxes is an issue of time and spatial scale. Longer time and spatial scales will help. Results based compensation should only be based on national RLs.

Malawi: On definition of forests, this is one barrier to been able to obtain data. There is a big gap among countries. For countries with 20% ground cover will leave outside shrublands and woodlands. Need refinement and uniformity for negotiation and C credits. How are you considering drivers in the BAU?

A.: The report acknowledges the importance of capacity building and data availability. Also acknowledging that countries might not feel comfortable on adopting decisions on RLs until is known what it will take to do it.

On drivers: many will like to include most explicitly, but is attempted to be done, we have some proxis. Hard data are not existent.

Why not go to land-base accounting would be worth considering?

A.: We should ultimately look into land-based accounting. By looking at the IPCCC tier 3.

How many countries are really lacking data, what can we do with global C data?

A.: There are issues on reliability of data. FRA 2010 data on forest area for many countries is the same for forest area between 2000, 2005 and 2010. There is a lot variability between different studies. We have some countries with good data but many are not there yet.