

UN-REDD
PROGRAMME



Executive Summary South-South Exchange

Guadalajara, Mexico,
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Experiences and Challenges in Latin America and the Caribbean towards the Implementation of REDD+

1. INTRODUCTION

Countries in Latin America and the Caribbean have made significant progress in the areas established by UNFCCC (United Nations Framework Convention on Climate Change) within the Warsaw Framework for the Implementation of REDD+ and the access to results-based payments. Last year, Brazil, Colombia, Ecuador, Guyana and Mexico presented their Forest Reference Emission Levels to the UNFCCC, and Brazil and Mexico have accumulated substantive experience through their review process. At the same time, progress has also been made in defining legal aspects relating to various pilot schemes for results-based payments for REDD+, in countries such as Costa Rica, Peru and Chile, while countries such as Ecuador and Mexico have moved forward considerably in developing their National Strategies and/or Action Plans.

However, despite such progress, countries in the region confront similar challenges with regard to the implementation of the Warsaw Framework for REDD+ and appropriate coordination with various results-based payment mechanisms. Against this backdrop, the UN-REDD Programme and Mexico's National Forestry Commission (CONAFOR) decided once again to offer a forum for

learning, the exchange of expertise between countries, and the identification of challenges, including technical, financial and legal issues.

The exchange provided a framework for continuing to strengthen South-South cooperation, a process which got under way with the Quito workshop last year. While this [initial exchange](#) was useful in terms of bolstering capacities, and also becoming acquainted with the extent of progress made by countries regarding their REDD+ national plans and strategies, the meeting in Guadalajara served not only to clarify the links between the four pillars but was also helpful for identifying opportunities for enhancing coordination and consistency in the REDD+ preparatory processes at the national level while also promoting joint discussion with a view to studying possible solutions.

The event was characterized by the participation of 83 individuals (48 men and 35 women) from 15 countries in the region, including Argentina, Dominican Republic, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru and Surinam. The event took place over three days and consisted of 10 thematic sessions in which the countries themselves were the main protagonists. The **main points**

of discussion as well as the key results and findings reached by the thematic sessions and working groups are summarized below.

2. POSSIBLE RELATIONSHIPS BETWEEN THE ELEMENTS OF THE WARSAW FRAMEWORK FOR REDD+

To address this issue, a [panel consisting of presentations given by Brazil, Ecuador, and Mexico](#) was carried out, during which it was established that the decisions of the Warsaw Framework facilitated a clearer understanding of how the preparatory pillars of REDD+ are interrelated, given that these particular pillars specify clear and coordinated procedures that will be of central importance when requesting results-based payments within the framework of the UNFCCC.

In the process of defining links between the REDD+ pillars, the countries have reached a consensus that **the REDD+ National REDD+ strategy is the umbrella framework that accommodates the other pillars** although it is also the case that important relationships have been identified between the four components.

It was found to be the case that the decisions that each country takes with regard to the **scope** (eligible REDD+ activities), **scale of implementation and prioritized causes of deforestation** have important implications for the development of the four preparatory REDD+ pillars and the subsequent implementation of policies and measures.

3. INTEGRATION OF POLICIES AND MEASURES WITHIN THE FRAMEWORK OF NATIONAL POLICIES

Chile, Ecuador, Costa Rica and Mexico shared their [experiences in integrating policies and measures \(PAMs\)](#) in the form of brief presentations. Afterwards, the expert Maria Dolores Almeida, former Deputy Finance Minister of Ecuador, gave a presentation in which she emphasized the importance of involving high-level government institutions in order **to manage financing projects jointly**, speaking in the language of economists regarding

economic benefits and implementation costs, while also involving the private sector and academia.

The session highlighted the following key messages:

- **The causes of deforestation are various and manifold** and do not arise only in the forestry sector, and therefore **the design of the PAMs should be managed jointly by various State institutions**, calling for political will at the highest level. In this regard, REDD+ should strengthen and/or build on efforts that pertain to already existing investment policies and programmes.
- The countries that have been successful in clarifying the strategic vision regarding REDD+ have also been successful in more clearly linking REDD+ directives with existing policies or programmes. Some noteworthy cases in point are Mexico in the area of sustainable rural development and livestock, and Ecuador in the area of the transformation of production.
- The policies and measures can be designed with a grass-roots focus, with greater importance given to local concerns as opposed to national dimensions, and with various and complementary operations among the policies and measures, that contribute to well-defined national policies and objectives, with **REDD+ being not an end in itself but a means of achieving these objectives**.
- It is crucial to prioritize measures and actions in tandem with other institutions and stakeholders that play a key role in implementation, such as the Ministries of Agriculture and Treasury, regional and local governments, and the private sector and academia.
- Emphasis was given to the role of the Ministries of Treasury/Finance in efforts to structure financing and align economic and fiscal policies with REDD+ objectives through efforts aimed at complementing or incentivizing public-private initiatives.
- Acknowledgment was made regarding the difficulties faced by Environment Ministries in working with the Finance Ministries and other relevant stakeholders when generating proposals for “bankable” policies, co-financed with national resources and entailing the possibility of implementation on a national scale, in an effort to promote a real change in deforestation practices.

4. LEGAL ASPECTS OF REDD+

Discussions regarding legal concerns focused on challenges presented by the countries with panelists from Guatemala, Honduras, Paraguay and Peru. In this way, countries seek to clarify the legal framework for REDD+ and identify challenges to be faced in **linking the Warsaw Framework and legal frameworks at the local level**, including how to implement inter-institutional agreements and coordinate **national and sub-national** legal frameworks.

The most important challenges identified for countries are legal status, **carbon ownership, and land tenure**; through which **financial architecture** results-based payments will be channeled; and which funding institution or **mechanism will be in charge of the distribution of benefits**.

The conclusion was reached that there are aspects of REDD+ implementation that require a context of legal certainty to ensure the preparation and implementation of policies and measures. It was also noted that issues exist whose legal implications are defined according to the financing mechanism, for example the trading of emission reduction units.

5. CHALLENGES OF FINANCING REDD+ POLICIES & MEASURES AND THE MANAGEMENT OF VARIOUS RESULTS-BASED PAYMENT OPTIONS

At this session, [Colombia, Costa Rica, Brazil and Peru gave introductory presentations](#) concerning their experiences. Later, participants worked in groups to discuss challenges relating to the financing of Policies and Measures, with the main conclusions being:

- **Engaging in outreach efforts to the “rural” financial sector.** Countries see this as pivotal and have initiated strategies to enhance access to the financial sector associated with agricultural activities, aware as they are that some of their instruments call for changes in land use. However, in the search for mutual areas of interest, challenges are to be faced in managing a common language, including in terms of maintaining an ongoing dialogue.
- **Various types of financing for various “users”.** It is essential to envisage various sources of financing for

diverse users and needs, as well as to identify stakeholders from the perspective of supply and demand. The instruments used for mobilizing resources should be flexible and tailored to the characteristics of each sector.

- **Role of the State as the catalyst for consistent financing.** The State can improve public investment through intra-sectoral coordination with a view to generating investments consistent with REDD+ objectives; and, moreover, the State can act as a source of financing to harmonize the use of resources with REDD+ objectives.
- **Credit lines and the private sector as key agents.** A considerable part of financing linked to changes in land use is related to activities that cause emissions. These activities may or may not be related to the private sector. In any case, it is imperative to be aware of this relationship and verify possible financing alternatives.

In a parallel working group, countries also discussed **the challenges involved in harmonizing various mechanisms for results-based payments** which entail requirements that are highly stringent and mutually inconsistent, such as those that relate to the Warsaw Framework under the UNFCCC, which have high implementation costs for countries, and come across as an unattractive proposition as a result.

In this regard, participating countries formulated some possible strategies in terms of solutions:

- **Countries should create efficient structures for safeguarding national and international funds.** Financing from national resources is key to ensuring sustainability. The use of a single tool/mechanism at the national level can be more efficient but the challenge is to comply with the requirements of the various financing sources. It should also be ensured that this mechanism facilitates the channeling of resources towards activities in the field.
- **Achieving coordination of support within the emerging framework is the responsibility of REDD+ countries.** This consideration includes setting clear objectives and creating a functional structure. The countries should spell out their needs, and take into account which options are cost-effective and which are not. In this regard, the importance of a general financing framework is paramount, and for many countries this is defined in the REDD+ National Strategy/Action Plan.

- Faced with the challenge of how to initiate the process and ensure necessary investment for achieving results or passing through “death valley” without access to ex ante financing, **the UNFCCC has established that there has to be ex ante support.** There can be an advance payment, not all the funds should come at the end. Some examples are the agreement with Norway with the associated policy milestones (Peru) and the FCPF (The Forest Carbon Partnership Facility) with its advance payments of up to 20 per cent.

6. LESSONS LEARNT REGARDING THE PREPARATION OF FOREST REFERENCE EMISSION LEVELS AND THE TECHNICAL ANNEX FOR ACCESS TO FINANCING

Delegates from Brazil, Colombia, Mexico and Peru discussed lessons learnt concerning the FRELs (Forest Reference Emission Levels), challenges relating to the inclusion of new areas/activities, and steps taken regarding the preparation of the technical annex. At the same time, Walter Oyarzabal, a UNFCCC expert in Brazil’s technical review process, shared key points about this process, and Marieke Sandker of the FAO (Food and Agricultural Organization of the United Nations) explained challenges relating to the BUR (Biennial Update Reports) technical annex and its relationship with the FREL/FRL.

Herewith are some of the key points considered:

- It is of the essence to **construct the FREL with national technical capacities.** It is imperative to create/strengthen capacities in institutions with responsibility for monitoring forests and FREL/FRLs, as this will enable the country to respond to technical reviews and improve the FREL/FRL by stages, and with a vision that encompasses short-term, medium-term and long-term needs.
- **Inter-institutional coordination** should take place both at technical unit level and at the level of policy-makers.
- There should be **consistency between the FREL/FRL, SNMB and GHG Inventories** given that the data for the construction of the FREL/FRL comes from the SNMB.
- Some additional challenges include the **integration of the sub-national FREL/FRL into a national FREL/FRL**

and the **inclusion of activities** transcending deforestation (degradation and others) as well as national agreements concerning the **definition of forests** and **internal synchronization with the various reports.**

- In order to give institutional status to Measurement, Reporting and Verification (MRV) activities, and to ensure their continuity, it is necessary to establish **clear and consensus-based regulations** and protocols between institutions linked at the governmental level.

7. SAFEGUARD INFORMATION SYSTEMS

Steve Swan, Safegurads Global Expert from the UN-REDD Programme, gave an [introductory presentation](#), emphasizing the need to facilitate a country-led approach to REDD+ safeguards. Subsequently, delegates from various countries worked in groups to address technical and financial considerations relating to the implementation of safeguards; the preparation of information summaries in accordance with the SBSTA (Subsidiary Body for Scientific and Technological Advice) decision 42; and perspectives relating to civil society and indigenous peoples.

Daniela Rey, Safeguards Global Expert from Climate Law and Policy, and the session moderator, summarized conclusions as follows:

- **The interpretation of the concept of safeguards** and of each of the Cancun Safeguards is critical in order to make progress in finding a response to the requirements of the UNFCCC.
- With regard to the **relationships between the pillars of the Warsaw Framework**, there is a clear connection between the national strategy and the safeguards in three areas: 1) in defining the scope of the safeguards, it is important to consider the REDD+ approach of the implementing country, as embodied in the national strategy; 2) the development of the design of the Safeguard Information Systems which should provide information in the context of implementing REDD+ activities; and 3) the information summary that will explain the approach to be taken regarding safeguards in REDD+ activities.
- The involvement of civil society and indigenous peoples

is vital to the design and definition of the safeguards, the design and implementation of the Safeguards Information System, and the information summary.

8. PROGRESS IN THE IMPLEMENTATION OF THE WARSAW FRAMEWORK RECOMMENDATIONS REGARDING THE NATIONAL FOREST MONITORING SYSTEM (NFMS)

Chile, Colombia, Honduras and Paraguay shared [their progress regarding the NFMS](#), taking into account their contributions to other REDD+ pillars, necessary data and inputs, as well as pending challenges.

In summary, emphasis was given to the fact that **the implementation of the NFMS is an ongoing process** of improvement and that it should be sustainable over time in order to demonstrate the performance of REDD+ in the country concerned, and the following key messages were highlighted:

- **Key functions of the NFMS in relation to the REDD+:**
 - › Supporting decision-making and preparing the REDD+ strategy.
 - › Demonstrating the performance of the REDD+ strategy (and/or national forestry policies), constituting a basis for obtaining results-based payments.
 - › Generating data necessary for constructing the Forest Reference Emission Levels (GHG Inventories and others) and contributing to consistency between respective reports (CN, BUR, FRA, etc.).
- **Possible points of connection between the NFMS and the SIS:**
 - › Support with data for reporting about safeguards concerning the reversal and displacement of emissions
 - › Contributing to involvement by communities and small producers in gathering data and decision-making
 - › Improving access to information by the general public and decision-makers (geoportals)

• Pending challenges

- › **Technical challenges and the importance of continuing to strengthen national monitoring capacities** and ensuring continuity of trained human resources within governments/stakeholders.
- › **Inter and intra-institutional coordination** to improve the inter-operability of existing systems and allowing for the exchange and use of data.
- › **Financial sustainability** that necessitates monitoring activities to be coordinated with budgetary planning and institutional operational plans to achieve domestic financing.
- › **Participation and outreach efforts** with the owners of forests through community monitoring and efforts to publicize the NFMS and its benefits for various sectors.

9. ANALYSIS OF CHALLENGES RELATING TO THE IMPLEMENTATION OF THE WARSAW FRAMEWORK FOR REDD+

At the final session, the participants divided into thematic groups to summarize current main challenges:

Challenges regarding the relationship and sequence of components and progress made

- The UNFCCC guidelines should be tailored to the context encountered in each country and, according to emerging challenges, the solutions posed will be different.
- It is the countries themselves that should define their approach to REDD+ and demonstrate benefits that transcend forestry issues. The National Strategy is the umbrella framework for the various pillars of the REDD+ process.
- There is no single way of sequencing the various elements given that countries display various levels of progress in the various pillars.
- It is necessary to ensure the institutional framework for preparatory activities and to define the legal framework for REDD+.
- An additional challenge is to achieve the sustainability of REDD+ processes with national and international resources.

Implications of the various options for the FREL/FRLs

- The various options for results-based payment mechanisms can be more stringent than the UNFCCC in various requirements and this is a disincentive to participation by countries.
- The rules are imposed more than agreed (eg, mechanisms for the review, calculation or construction of the FREL/FRLs).
- Countries should have joint discussions and positions for interactions with donors instead of this process heading in the opposite direction.
- It is necessary to define how to articulate market and non-market mechanisms and to identify potential repercussions for the development of reference levels.

How to maintain consistency regarding the various results-based payment mechanisms?

- **Not all of the components of the various mechanisms are coherent and consistent.** Going beyond the issue of reference levels, the greatest inconsistencies encountered by countries are as follows:
 - › Approaches and mechanisms for the transfer of resources are different and not all are aligned with the UNFCCC; so far as the UNFCCC is concerned, it is still necessary to reach decisions on matters such as price, accounting rules (uncertainty, risk of reversions), times/schedules for payment (ex ante versus ex post percentage) etc.
 - › The FCPF introduces the requirement of transferring ownership regarding reductions of emissions while the UNFCCC does not have this requirement and explicitly mentions that the reporting of results at the information hub does not create rights or obligations of any kind.
 - › There is duplication in MRV processes in the various financing mechanisms, (e.g., UNFCCC and REM).
 - › Inconsistencies can be seen regarding safeguards as well as differences with the FCPF, and also regarding the benefits distribution mechanism that is voluntary in some systems and obligatory in others.
 - › While the UNFCCC talks of working together to channel resources in a manner that is satisfactory, predictable, fair and balanced, various bilateral agreements

have been negotiated without clear or transparent rules that apply to countries equally.

- › Nor is clarity in evidence regarding phases that combine preparatory requirements and results-based payments.
- **These inconsistencies have consequences:** 1) Increase transaction costs, thereby making it more difficult for countries to participate in results-based payment mechanisms; 2) Reduce the credibility of REDD+ as an international mechanism and trust in the UNFCCC process which is a further disincentive to participating.
- As a **possible solution for eliminating these inconsistencies**, a recommendation was put forward that requirements and procedures associated with all sources of results-based payments be aligned with the procedures and criteria of the Green Climate Fund (GCF). Attempts will be made to establish regional positions to send to the GCF and to resolve these inconsistencies, with the help of experts. To this end, it would appear useful to conduct a study to address these inconsistencies.

Financing

- Ex ante support is required in order to channel actions that result in tangible benefits for local stakeholders.
- The REDD+ bubble must be burst in order to coordinate a country's supply side with the aim of mobilizing funds and in order to make progress towards a mutually accountable relationship between donors.
- The national supply side must be coordinated in order to make a transition to a low-carbon economy, by integrating and linking policies.
- Negotiations should include stakeholders participating on the basis of a State agenda in order to raise the political status of REDD+.
- The issue of private sector linkages calls for further investigation in a separate workshop. Relevant stakeholders should be clarified as should possible roles, and efforts should be made to communicate effectively with stakeholders in order to maximize productivity.
- Given the complexity of the subject, a specific workshop on financing is considered necessary

Participatory activities in relation to the Warsaw Framework

Identified challenges:

- How to ensure true representativeness among spokespeople in the eyes of their peoples and communities and to ensure that information reaches the grass-roots.
- Participation costs and requirements.
- How to guarantee effective compliance with rights to participation.
- Inter-sectorial participation is still left at the technical unit level but is failing to reach the ministerial level at other ministries.

Solutions and opportunities:

- A clear plan for promoting involvement is necessary.
- Foster participatory laws.
- Anchor commitments at the local and regional level.
- Timely back-up from United Nations agencies is essential.
- Efforts are required to strengthen the participatory legal framework
- Work on consolidation from the grass-roots level.
- The need to have a regional workshop regarding the participation of indigenous peoples was discussed.

10. GENERAL CONCLUSIONS

Countries in Latin America and the Caribbean acknowledge significant progress in terms of gaining expertise and recognize the importance of opportunities for the exchanging of lessons learnt and experiences. In particular, a group of countries, including those that have made significant progress, believe that sufficient maturity is now in place to work with group-oriented proposals, in an effort to be more proactive and to seek solutions to common challenges encountered when implementing the Warsaw Framework along with various mechanisms for results-based payments.

Countries insisted on the need, from their national vantage points, to find consistency and coordination, particularly in financial issues and the requirements of the various mechanisms for results-based payments. In this area, emphasis was placed on the importance of seeking common ground, formulating challenges, and facilitating partnerships between countries, civil society and organizations.

To this end, various participants considered the need to work on a South-South Cooperation strategy oriented beyond capacity-building and the exchanging of lessons learnt, by staking out joint positions that make it possible to meet existing challenges in relation to such agencies as the UNFCCC and donors.

Participants identified the need to engage in greater depth in their interactions, to develop expertise and to pursue strategies for addressing various specific issues: financing, legal aspects of REDD+ and the involvement of the private sector and the participation of indigenous peoples.

Additional workshop materials, including the complete report and presentations, are available in the UN-REDD workspace (www.unredd.net) through the following link:

<http://bit.ly/1LWsRL1>

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