

South – South Exchange:

Cross learning with "Jurisdictional and Nested
REDD + " in Amazonas, Brazil



Technical Exchange on **Jurisdictional REDD+**

Developed by:



Supported by:



giz



November, 2013

AUTHORS

Institute for Conservation and Sustainable Development of Amazonas - Idesam:

Mariano Colini Cenamo – Senior Researcher and Deputy Executive Secretary of Idesam

Pedro Soares – Researcher of the Climate Change and Environmental Services Program of Idesam

Junia Karst - Researcher of the Climate Change and Environmental Services Program of Idesam

Verified Carbon Standard - VCS:

Toby Janson-Smith – VCS AFOLU Director

Naomi Swickard – VCS AFOLU Manager

Summer Montacute – VCS REDD+ Coordinator

State Center on Climate Change – CECLIMA/SDS:

Luis Henrique Piva – Coordinator of UGMUC/SDS

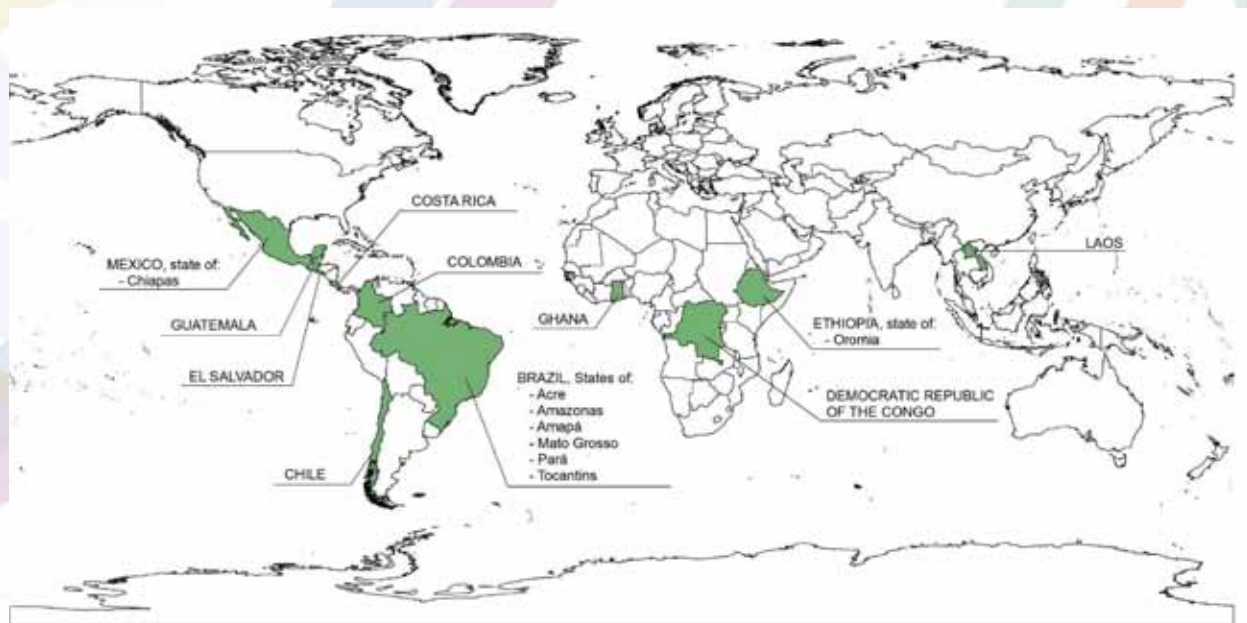
João Talocchi – Former Coordinator of UGMUC/SDS

Acknowledgements:

We would like to acknowledge all participants of the “South-South Jurisdictional and Nested REDD+ Exchange”, who contributed with their valuable experiences to the success of the event. Without their active and collaborative participation we wouldn't have achieved our expectations. The full list of participants is presented below: Ana Euler (Amapá Government), Angelo Sartori (CONAF), Ararsa Regassa (OFWE), Bob O'Sullivan (TGC/FCMF), Carlos Roberto (GIZ), Carmen Gomez (CONAFOR), Charles Earhardt (VCS/Floresta), Dhida Diriba (OFWE), Elisabeth Forseth (Norwegian Embassy), Gabriel Eickhoff (Forest Carbon), German Obando (FONAFIFO), Guillermo Navarro (IUCN), Jacobo Cotto (INAB), João Tezza (FAS), John Mason (NCRC), Jose Julian Gonzalez (IDEAM), Kay Kallweit (REM/KfW), Ken Andrasko (FCPF/World Bank), Laurent Micol (ICV), Letícia Guimarães (MMA), Lucio Pedroni (CDI), Ludovino Lopes (LLA), Lulu Nefabas (Farm Africa), Marina Campos (Moore Foundation), Mauricio Phillip (Mato Grosso Government), Mike Korchinski (Wildlife Works), Monica de los Rios (Acre Government), Nikki Virgilio (TNC), Paula Tassara (VCS), Pedro Gill (Tocantins Government), Phil Covell (Forest Trends), Rosa Vidal (Pronatura Sur), Sandro Marostica (VCS), Sebastian Hetsch (TUV SUD), Suelen Marostica (FAS), Wendell Andrade (Pará Government), Yaw Kwakye (Ghana Forestry Comission).



Participant Jurisdictions



1. Context

Forest ecosystems occupy about 30% of the Earth's surface and are immense carbon reservoirs, containing more than twice as much carbon as in the atmosphere. Deforestation and the loss of forests are responsible for approximately 18–20% of global GHG emissions. Forest conservation has been singled out as one of the most effective options for cost-effective climate change mitigation.

Understanding the causes that drive deforestation around the world is crucial for identifying and implementing appropriate strategies to change land use trends and benefit traditional populations and indigenous peoples who depend on the forest for their survival. At their annual meeting in Montreal (2005) the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) recognized the need for adopting policy approaches and positive incentives for assisting developing countries reducing GHG emissions in the forestry sector. A mechanism for "Reducing Emissions from Deforestation and Forest Degradation" (REDD+) in developing countries is expected to provide such incentives and is currently being developed by the UNFCCC and other organizations.

The negotiations around the consolidation of REDD+ within the UNFCCC have made progress in the last eight years on a range of important issues, but the process has ultimately become dependent on the establishment of a new international climate treaty. Given the slow progress on the UNFCCC front it seems unlikely that an international REDD+ mechanism under the auspices of the UNFCCC will be underway before 2020.

While the detailed rules and requirements of the REDD+ mechanism are still being negotiated under the UNFCCC, there are already early funding opportunities for the development of demonstration activities (readiness) via the World Bank's Forest Carbon Partnership Facility (FCPF), GIZ, UN-REDD, the Green Climate Fund and donations to demonstrative activities based on performance (Norway's Fund, KfW/REM, FCPF Carbon Fund) and the voluntary carbon markets. These have encouraged several countries, such as Brazil, Indonesia, Mexico and Peru, as well as subnational entities (states, provinces) to begin constructing their own REDD+ schemes and regulations. One example is the work developed by the REDD+ Offset Group (ROW), a joint initiative of the government of California (US), Chiapas (Mexico) and Acre (Brazil) created to develop proposals for the implementation of subnational REDD+ offsets in the California cap-and-trade system.

There is consensus that national accounting and crediting is needed to efficiently promote the implementation of REDD+. However, the structures needed for national MRV and implementation may require a lengthy preparation period. In the meantime, forests continue to be lost and developing countries are left with great uncertainty and burden on how to finance efforts to stop deforestation and degradation. At the same time, a growing number of subnational initiatives (by governments and independent projects) are being implemented around the world. However, these two important trends are struggling to link up and work with the national level synergistically. Questions are asked about how to structure REDD+ programs in a manner that will meet the requirements of emerging REDD+ markets and funding mechanisms, while bringing together the various efforts taking place at different scales (national and subnational programs, and projects).

To address the need for robust, integrated accounting frameworks that can be applied across different national and subnational contexts, the Verified Carbon Standard (VCS) convened the Jurisdictional and Nested REDD+ (JNR) initiative to develop a best-practice accounting and verification standard that can be applied to national and subnational REDD+ programs. The JNR platform can be used by governments seeking to implement large scale, measurable, reportable and verifiable emissions reductions of their policies and programs, and includes guidance for integrating nested project activities (and subnational REDD+ programs) within these larger-scale jurisdictional accounting efforts. The accounting framework includes comprehensive and operational guidance and requirements on identification and mitigation of deforestation drivers, baseline setting (RL/REL), monitoring, grandparenting, leakage, double counting, carbon ownership, safeguards and approvals. The platform also provides a comprehensive set of tools and mechanisms for addressing reversals (non-permanence) and the validation and verification of JNR baselines and programs – offering a turnkey REDD+ accounting solution for jurisdictions that expect to generate emissions reductions in the near term.

The JNR framework will enable consistent REDD+ accounting across geographies and scales (including policies, programs and projects), resulting in fungible metrics and assets, which will allow donors and other funders to effectively assess and reward emission reduction performance. In addition, it is expected that the emission reductions eventually verified under these JNR pilots could provide needed high-quality carbon offset credit supply for emerging compliance markets, such as California, and possibly Australia, South Korea and/or Japan, as well as regional cap-and-trade schemes (eg, Rio de Janeiro and Sao Paulo states in Brazil). Finally, supporting such activities will help establish demonstration models that can inform and provide a bridge to an eventual UNFCCC REDD+ mechanism.

JNR pilot programs are beginning to be implemented in national and subnational jurisdictions around the world, many of which were represented at this workshop. These leading governments are among the first to operationalize jurisdictional accounting frameworks that can access results-based finance, using the VCS JNR Requirements. JNR pilots are advancing the development and implementation of robust jurisdiction-wide REDD+ accounting frameworks that integrate policy, program and project approaches for reducing emissions while supporting national objectives and strategies. VCSA is collaborating closely with key civil society partners and host governments in each jurisdiction to link the development of national and subnational REDD+ policies and programs, generate valuable lessons for other host governments and international policymakers, and catalyze new financing for REDD+ that leverages existing and emerging results-based funding mechanisms and investment.

In March 2013, VCSA received a NOK 8 million (approx. USD 1.4 million) grant from the Norwegian International Climate and Forest Initiative (NICFI), administered by the Norwegian Agency for Development Cooperation (NORAD), covering a three-year period (2013-2015) to develop and pilot integrated JNR accounting and verification frameworks at the national level in Costa Rica and at the subnational levels in the State of Acre (Brazil), San Martín and Madre de Dios (Peru) and Mai Ndombe Province (the Democratic Republic of the Congo). VCSA also has funding from GIZ for JNR piloting in the State of Amazonas (Brazil).

2. Workshop

The Institute for Conservation and Sustainable Development of Amazonas – IDESAM, in partnership with the State Center on Climate Change of Amazonas – Ceclima/SDS, and the Verified Carbon Standard Association – VCSA, hosted, in May 2013, the technical workshop “South-South Jurisdictional and Nested REDD+ Exchange”, in Manaus, the capital of the state of Amazonas, Brazil. The event was attended by 15 jurisdictions from Latin America and Africa, and also key-stakeholders deeply engaged with the design of jurisdictional frameworks for REDD+. The main outcomes of this workshop are presented in this final report.

The event was held at the Hotel EcoPark (<http://www.amazonecopark.com.br/en>) in Manaus, between the 12th and 15th of June, 2013. The complete agenda, presentations and photos are available at: <http://www.idesam.org.br/programas-jurisdicionais-sao-nova-opportunidade-para-o-redd/?lang=en>.

The Exchange Workshop was created to promote the exchange of information and lessons learned among national and subnational jurisdictions that are advancing or exploring jurisdictional approaches to REDD+. This event created the possibility not only to present successful cases of designing jurisdictional approaches, but also to evaluate how these experiences can be replicated and adjusted to different contexts. The workshop was results-oriented with a focus on finding solutions to the principle technical issues facing jurisdictions as well as discussing key policy and funding challenges and opportunities related to advancing jurisdictional REDD+.

The workshop brought together around 40 leading players active in jurisdictional REDD+, including representatives from government, civil society, donor organizations and the private sector. These representatives, collectively involved in advancing more than a dozen different jurisdictional programs around the world, were selected based on their experience and leadership roles, and their ability to effectively share information and influence the policy and decision making process in their respective countries.

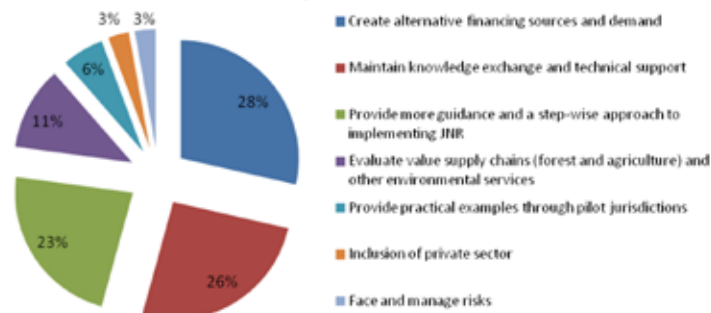
The workshop was divided into an introductory and closing panel, and three sessions covering technical, political and financial issues. In each session there were presentations by three “case study jurisdictions” – jurisdictions advanced in their analysis and/or application of JNR – followed by discussions in small breakout groups around the main theme of each session.

Introductory Panel: Leading JNR Examples (Acre, Brazil; Costa Rica; DRC)
Session 1: Program Approaches to Effectively Reduce/Remove Emissions
Session 2: Institutional Arrangements and Political Issues
Session 3: Baselines and Monitoring – Data Acquisition and Use
Closing Panel: Financing Jurisdictional REDD+

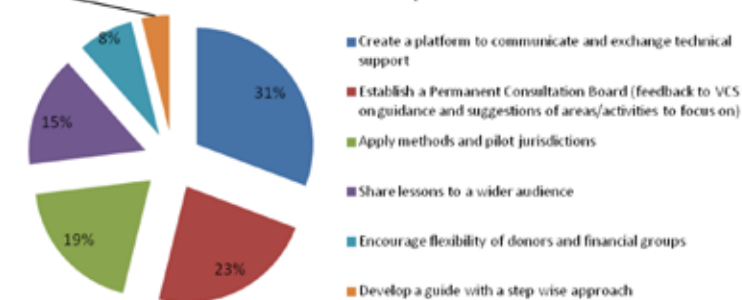
After each session, the participants were divided into small breakout groups tasked with analyzing and providing recommendations for specific issues and challenges related to the session’s main topic.

At the end of the workshop, a survey was distributed for participants to evaluate the relevance and importance of the workshop as a strategy to identify the main challenges and opportunities for moving ahead with jurisdictional REDD+. The responses were consolidated and are presented below:

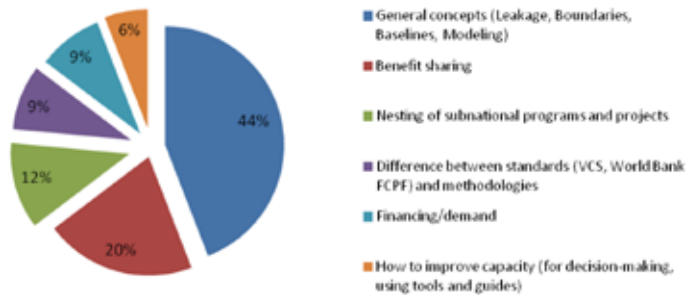
Question 1 - What are the key solutions you took away from this workshop in terms of advancing Jurisdictional and Nested REDD+?



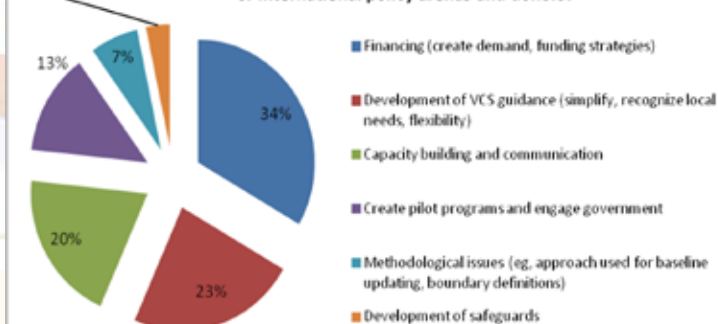
Question 2 - How can participants of this workshop advance these solutions and who could help do this?



Question 3 - What technical issues (generally or specifically within the JNR) remain unclear, or need more guidance?



Question 4 - What are your key recommendations for jurisdictions, VCSA, or international policy arenas and donors?



3. Results of Breakout Groups: Challenges and Lessons Learned

In each breakout group, a facilitator and a rapporteur were assigned and made responsible for noting the main outcomes (challenges and proposals) that arose from the technical discussions. As facilitators adopted different approaches, the results of each breakout group were reported differently and are presented accordingly rather than following a single pattern. A summary of the discussions of the breakout groups is presented below.



3.1. Program Approaches to Effectively Reduce/Remove Emissions

Subtopic 1

Definition of drivers, causes, agents of deforestation/degradation and measures/activities to reduce emissions and increase sequestration

Challenges and Possible Solutions:

- Lack of availability of deforestation/degradation drivers data (few studies and references available).
- Need for technical exchange/capacity building with advanced jurisdictions and experts on REDD+ focused on how to identify and understand the root causes and dynamics leading up to the ultimate drivers of deforestation and degradation.

- Need for development of clear guidance on how to identify, analyze and stratify agents and drivers of deforestation and degradation at jurisdictional levels.
- Need to describe frameworks for identifying and assessing strategies for areas/sectors/issues outside of direct jurisdictional control (including drivers external to boundaries of jurisdiction) that may be important to overall jurisdictional emissions reduction success. Complexities may arise where intersectoral cooperation is needed to address drivers. Need framework for determining which drivers are best tackled by which actors (eg, government versus projects).

VCS JNR Recommendations:

- VCS JNR could better incorporate use of jurisdictions' "low carbon" development plans, and the analysis they contain (regarding drivers of deforestation, targets, implementing institutions, monitoring systems, etc.).
- VCS JNR could provide tools for identifying priority subnational jurisdictions (municipalities/districts) based on drivers, historical deforestation, future risk of deforestation, etc.
- Jurisdictional programs should harness the opportunity to address non-carbon goals, especially in countries where there are no land planning policies in place. A climate change mitigation strategy can be a stepping stone to delivering multiple benefits. The opposite is also true as sustainable development strategies may result in carbon benefits.

General Comments:

Jurisdictions should provide an estimation of emission reductions expected to be generated during their program's lifetime, allowing the articulation of the program among stakeholders (government agencies, civil society and others). Jurisdictions could also define metrics (including non-carbon) for assessing the program's efficacy (eg, increase of governance, development of monitoring systems, financial structures).

In Brazil, municipalities can play an important role in assessment for resource allocation (ie, indicators can be developed to assess which municipalities and local policies are working to reduce deforestation and which are not). However, previous experiences working with municipalities have highlighted the need for continuous follow up and support of local efforts (including training and capacity building). This demands significant human and financial resources



Case Study: Acre, Brazil

The State of Acre's government has been committed to sustainable development for more than the last decade, helping to drive REDD+ forward. Acre is now poised to become the first jurisdiction-wide program to deliver compliance-grade REDD+ credits.

KfW has agreed to performance-based payments totaling ~\$25 million USD through the REDD Early Movers Program. Acre also has an MOU with the State of California to provide a pathway for its early participation in California's cap-and-trade system.

VCSA has signed agreements with Acre's Institute of Climate Change and Regulation of Environmental Services (IMC) and the Amazon Environmental Research Institute (IPAM) to outline and provide support to JNR pilot activities. The Acre JNR pilot is funded by the VCSA grant from Norad/NICFI.

Acre's jurisdictional program is currently undergoing pre-validation under JNR Scenario 2 using a deforestation-only baseline, and is seeking to issue VCUs in 2014. In a later phase, Acre plans to incorporate forest degradation.

Subtopic 2

Integration of policy, programmatic and nested project approaches; deciding on JNR Scenario (1, 2, 3) and scope of activities (avoided deforestation, avoided degradation, enhancement of carbon stocks)

Challenges and Possible Solutions:

- Accounting across different levels (double-counting, legal aspects, registry systems)
- Addressing underperformance and rewarding success in nested accounting:

- The jurisdictional pooled buffer account described in the JNR Requirements provides an accounting solution to underperformance. The jurisdictional program could try to reduce the risk of the buffer being called upon by applying the following:
 - Enforcement mechanisms or fines against “bad actors” – i.e. those who (deliberately) underperform or create reversals. This should be part of the jurisdictional program design to address drivers and engage relevant agents. Good MRV is also needed to determine who performs and who does not.
 - Insurance or government guarantees.
 - Government managed pool of jurisdictional credits to act as additional guarantee – e.g. use unsold volumes of jurisdictional VCUs in early years.
 - Use of the jurisdiction's benefit sharing plan to reward performance.
- Understanding and operationalizing nested baselines – dealing with different levels of data availability, capacity and baseline start dates of nested jurisdictions:
 - Nesting can occur either from the bottom up or top down. A bottom up approach, could favor projects too much, whereas a top down nesting approach may not produce sufficient granularity of data for accurate nesting at lower levels. It needs to be an iterative process. From the bottom up perspective, local data sets can be sent to the national government to be incorporated and used to help set national rules. The top down perspective requires national governments and lower jurisdictional levels to engage, negotiate and develop national rules/accounting, ultimately national governments will take final responsibility for national rules.
 - What is included in higher level jurisdictional baselines also needs to be further detailed, which will help understand how nesting can work in practice. A national baseline should not be just a single number, but include broken down lower level jurisdictional calculations. For example, in San Martin (Peru), a bottom-up approach to baseline development is being taken, where projects provide data to subnational jurisdictions that in turn provide data to the national government.
- Understanding the applicability and flexibility of different scenarios and their legal implications:
 - Important to consult with project developers and other local stakeholders when choosing a scenario.
- Lack of guidance and decision-making support on what scope of activities jurisdictions should consider in their programs.

VCS JNR Recommendations:

- VCS JNR could provide a practical tool (“decision-tree”) to clearly lay out the pros and cons of following each scenario, to support jurisdictions during their stakeholder consultation processes. This tool could also clearly lay out the implications of each scenario regarding issues such as carbon rights and demonstrating right of use. A JNR Good Practice Guidance document is currently being developed by the VCSA and will include more guidance on scenario selection (to be released in 2014).

Case Study: Costa Rica

Costa Rica plans for REDD+ to play a significant role in achieving its ambitious goal of carbon neutrality by 2021, in particular through carbon stock enhancements and improved forest management, including a focus on harvested wood products.

Costa Rica identified the JNR framework as a valuable tool for meeting the carbon accounting criteria of the World Bank's Forest Carbon Partnership Facility (FCPF) Carbon Fund and for satisfying the requirements of other potential markets and results based mechanisms.

VCSA signed an agreement with Costa Rica's National Fund for Forest Finance (FONAFIFO), and is partnering with IUCN, to develop a JNR pilot at the national level. Costa Rica is interested in registering a Scenario 2 program to support the crediting of jurisdictional and nested project emission reductions. This pilot is funded by the VCSA grant from Norad/NICFI.

A JNR gap assessment and Costa Rica's official national baseline will be developed in 2014 to ensure alignment of the program with JNR and World Bank requirements.

Expected demand: World Bank (\$12.6 million committed to fund Emission Reduction (ER) Program), Costa Rica's emerging domestic market and the international voluntary market. Costa Rica is also actively engaging with the private sector, especially with regard to accounting for carbon associated with sustainably harvested wood products and tying tourism to carbon-positive forest activities.

Subtopic 3

Public consultation, safeguards and benefit sharing

Challenges and Possible Solutions:

- Stakeholder lack of familiarity and trust with relation to REDD+:
 - The jurisdiction should lead several rounds of meetings before designing the jurisdictional REDD+ program. These "early consultations" would be focused on general concepts related to climate change, deforestation and REDD+.
 - Need to develop capacity building materials focused on teaching general concepts related to REDD+ and climate change.
 - Need for improved (culturally appropriate) communications and a transparent process to build trust from the outset – including with regard to how carbon money will be used.
- Lack of human and financial resources:
 - Resources tend to be poorly allocated with the majority allocated to technical rather than social needs. Lack of experts with necessary safeguards knowledge and experience.

- Early funding for REDD+ is needed to focus on these preliminary activities (developing protocols, multi-media materials in accessible languages (video, radio) – undertaking “early consultations”, capacity building, etc.).
- Undertaking a large-scale stakeholder consultation:
 - Number of stakeholders across a jurisdiction is much larger than at the project scale. Each jurisdiction needs to define the overall strategy of public consultations (who should be consulted, when should consultations take place, what should be consulted, etc.).
 - To facilitate public consultations, the jurisdiction could choose to carry out consultations by region (choosing the key regions within the jurisdiction) or by sector (agriculture, forestry, government, civil society, etc). The main goal is to choose the alternative that allows the greatest participation of stakeholders in the process. It is useful when the government stakeholder consultation process follows a model that is used more broadly than just for REDD+.

VCS JNR Recommendations:

- A clear challenge is the lack of practical protocols on safeguards – there seems to be a gap between the JNR Requirements (ie, safeguards established through the Cancun Agreements) which were viewed by the breakout group as too high-level, and REDD+ Social & Environmental Safeguards (REDD+SES), which were viewed as overly complex and difficult to meet. While each jurisdiction would need to develop its own guidelines and protocols for addressing safeguards, it would be useful for JNR to develop further guidance and/or requirements. The REDD Offset Working Group (ROW) requirements, for example, are more specific with regard to safeguards and could be integrated into JNR.

3.2. Institutional Arrangements and Political Issues

Subtopic 1

Institutional/legal frameworks and right of use (carbon rights)

Challenges and Possible Solutions:

- Further clarity needed regarding right of use over carbon credits in a jurisdictional context
 - Under JNR, a jurisdiction can only claim carbon credits for which it can demonstrate right of use. More clarity is needed to explain how a government holding right of use can allow carbon rights to accrue to a stakeholder.
 - It is difficult to create laws/regulations that affect multiple levels of stakeholders within a jurisdiction (eg, federal, private, indigenous) and include them in carbon transactions.
- Further clarity needed over legal nature of carbon:
 - Merging carbon and land-use rights creates problems:
 - Need to distinguish right to deforest versus right to carbon.
 - Owner of land may not wish to be liable or restricted by emissions increases.
 - Need to define which activities contribute to the program’s objectives, who are the executing agents (government or land owners) and who holds the rights to carbon.
 - If land ownership is required, most countries in the world will not be able to participate in jurisdictional REDD+ as land tenure is not clearly established. In those cases the focus should be on the executing agents of REDD+ activities rather than land tenure.

- Difficult to raise political interest necessary for developing jurisdictional REDD+ due to complicated language and lack of funding. Need to provide clear information and incentives to attract political interest in JNR.

Recommendations for Jurisdictional Programs:

- Develop a tool or decision-tree that will enable clear and objective identification of different national and subnational circumstances with regard to carbon rights, and solutions that could apply for each, allowing replication across jurisdictional REDD+ initiatives.
- In some cases, carbon rights should be disconnected from the right to become a beneficiary/executing partner of the jurisdictional initiative through the implementation of REDD+ activities. The activities must be listed in regulations or other documents related to the jurisdictional initiative.
- Developing and signing contracts that guarantee the development of REDD+ activities with respect to land titles, where required, is one way of separating carbon from land and making sure that all stakeholders are in agreement.

Case Study: Mai Ndombe Province, Democratic Republic of the Congo (DRC)

The DRC, located within the Congo Basin – home to the second largest intact tropical rainforest in the world – is implementing several subnational REDD+ initiatives and projects. These efforts are providing important lessons to inform the development of the country's national REDD+ strategy, which will allow access to a wider variety of funding sources.

VCSA is working with the national and provincial governments, and partnering with WWF DRC, to develop a JNR pilot in the future Mai Ndombe Province. Mai Ndombe is interested in a Scenario 2 program that allows integration of nested projects. The pilot is funded by the VCSA grant from Norad/NICFI.

Mai Ndombe Province represents the same jurisdictional area as the DRC's proposed ER Program for which it is seeking funding from the FCPF Carbon Fund. The JNR framework will be used as an important guide for the design of the ER Program.

Large-scale industrial agriculture is not yet established in the DRC, so the country is in a unique position to ensure development takes place sustainably. Mai Ndombe's program will likely start with all three activities – deforestation, degradation and enhancement of carbon stocks. This is because, in the near term, there are greater

Subtopic 2

Integration with national processes (grandparenting); prioritizing subnational jurisdictions; jurisdictional boundary definitions

Challenges and Possible Solutions:

- Defining jurisdictional boundaries:
 - Clearly defined administrative boundaries do not always exist (there is a difference between eco-region and administrative boundaries, and land management is not always aligned with administrative boundaries).
 - Reference regions used to establish baselines may be different from the subnational jurisdictional boundaries officially established for the REDD+ program.
 - Projects may cross multiple boundaries and reference regions may “overlap” (different rates and drivers of deforestation in each jurisdiction). “Unknown gaps” from remote sensing images may make established boundaries difficult to implement in practice.
 - Often countries do not have clear ministerial authority over land use – e.g. ministries of forestry versus agriculture may have disputes or overlap in their administration of land use and REDD+.
 - Dividing a country into too many subnational jurisdictions can be costly and require excessive management.
 - Jurisdictional boundaries are often proposed in a country's Readiness Preparation Proposal (R-PP) for the World Bank, but do not necessarily move forward to become officially approved by the government. Jurisdictional boundaries must be decided at the national level.
- Lack of clarity in national and subnational policy regarding the integration and alignment of subnational jurisdictions and projects with national strategy:
 - Development of a methodological framework at the national level may be useful to clearly establish how levels will be integrated and reconciled, especially with regard to differences in data sources (ex. for carbon stocks) and methodologies (ex. for detecting deforestation) between levels.
 - Where possible, subnational levels should wait for clear guidance from the national level before moving ahead, rather than prejudging a political decision.
- Lack of specific criteria for prioritization of subnational jurisdictions for JNR piloting. The criteria should be established and assessed at the national level so that subnational jurisdictions can easily be compared. This criteria may include:
 - Historical rates
 - Carbon stocks
 - Biodiversity
- Perceived uncertainty around grandparenting may signal risk for investment into project-level activities. There is a sense of “two classes” of credits (ie, credits from standalone projects might get different treatment from jurisdictional credits).
 - To reduce uncertainty, jurisdictions should clearly lay out grandparenting model to be used for private sector projects as soon as possible.

Approaches for the Prioritization of Subnational Jurisdictions for JNR piloting:

1. Criteria being used by Laos:

- Historical deforestation
- Carbon stocks
- Available forest area

2. Criteria being used by Mexico:

- Political willingness
- Historical deforestation
- High biodiversity

3. Criteria being used by Ethiopia:

- Established institutional authority over forest
- High percentage of forest
- High biodiversity
- Watersheds
- Area of national economic/political importance

VCS JNR Recommendations:

- The JNR Good Practice Guidance document (under development) should provide further clarity as to how existing standalone projects transition to nested projects, by either adopting the jurisdictional baseline immediately or at some point during the project's grandparenting period.
- The JNR Good Practice Guidance document should also outline potential criteria for countries to consider when prioritizing subnational jurisdictions. However, it is beyond the scope of JNR to prescribe a single procedure for subnational prioritization – each country should develop its own standardized nation-wide prioritization criteria and analytical approach.
- To help standardize terminology used across jurisdictions, it would be useful to translate the JNR Requirements into local languages (eg, Spanish, Portuguese, French, Bahasa Indonesia).

3.3. Baselines and Monitoring - Data Acquisition and Use

Subtopic 1

Establishing baselines (historical rates; trend/average; projections) and potential adjustments; relevance/application of project methodologies to jurisdictional programs

Challenges and Possible Solutions:

- One size fits all mentality – national level sets requirements for baseline definition of subnational levels, which may not work for all jurisdictions.
- Historical data difficult to acquire, especially for degradation.
- Donors are demonstrating a preference for historical average baselines that do not use adjustments (prefer no trends or projected baselines). However, HFHD countries need flexibility to allow for additional baseline options.

- Pool of experts who understand both technical and political side of baseline setting is extremely limited.
- MRV systems may not be financially sustainable:
 - MRV systems should ideally have multiple uses and generate income for the country (beyond REDD+). There should be multiple benefits from using sample plots and on-the-ground measurements (can also collect additional data on drivers, etc.).
 - Important to consider that the level of accuracy from very expensive technology may not be needed.
- Complex political component of establishing baselines:
 - Need to promote high-level political dialogue to move forward with national/subnational regulations and approve an official baseline after appropriate stakeholder consultation.
 - Government needs to identify and facilitate access to interim/readiness funding for development of jurisdictional baseline.
- There is a lack of guidance and uncertainty around the process for updating baselines.

VCS JNR Recommendations:

- VCS JNR should allow multiple approaches to baseline setting, as there are a range of views on the best way to model deforestation, degradation and enhancement of carbon stocks. This allows jurisdictions to be innovative in the methods they use.
- Further guidance in the JNR Good Practice Guidance document on the process for updating jurisdictional baselines would be essential for applying VCS JNR requirements.

3.4. Panel on Financing Jurisdictional REDD+: Highlights and Lessons Learned

Currently, there is a significant lack of financing for the design and implementation of jurisdictional REDD+ frameworks around the world. Among jurisdictions, there are different approaches and realities for establishing strategies to address drivers and dynamics of deforestation and forest degradation. It is essential that different sources and types of funding resources (public and private, reimbursable and non-reimbursable) be made available to both national and subnational initiatives to design and implement their jurisdictional REDD+ programs. In order to establish the initial infrastructure in the "JNR readiness phase", non-reimbursable donor finance is needed. Later, results based and/or market finance will be key. In parallel, efficient and innovative financial models and structures need to be developed – including Public-Private Partnerships – taking into consideration the expected limited quantity and duration of public resources. Jurisdictions should also look to "stack" ecosystem services (eg, related to carbon, water, biodiversity, soil) and pursue financing for each value stream. In addition, large upcoming investments by the private sector in the sustainable production of agricultural commodities should be harnessed (eg, Ghana's jurisdictional REDD+ program is being developed, in part, around its sustainable cacao production system).

Establishing a visionary, transformative goal, engaging stakeholders as early as possible and assessing what funds are needed upfront versus in the mid- and long-term, are essential early steps for a jurisdiction to take. Jurisdictions should put as much effort into developing the demand side as they put into the supply side (ie, generating emission reductions). Being adaptive and somewhat opportunistic in exploring diverse sources of financing is likely to be more effective than pursuing a “silver bullet” strategy and trying to identify a single, large source of financing to meet the entire REDD+ program needs. Domestic voluntary and compliance markets represent an important and sustainable source of demand and should not be overlooked, even if such market demand is relatively small to begin with.

There is huge potential for the private sector to support jurisdictional REDD+ in a way that is complementary to donor funding. However, a better understanding is needed of what strategic role the private sector can play. The Althelia Climate Fund represents the largest commitment by the private sector to REDD+ (\$60 million USD), and investors include BNP Paribas, European Investment Bank (EIB), Church of Sweden and the Dutch Development Bank (FMO). Potentially billions of dollars of private sector investment could flow into REDD+, if the right demand side policy signals are given, eg, through the establishment of compliance markets that credit REDD+. Also, risk/loan guarantees are becoming available (eg, from OPIC and USAID Development Credit Authority) which should help investors get comfortable with REDD+.

REDD+ revenues will only be available for a finite period of time, and should be used to launch the jurisdiction onto a sustainable, low-carbon development trajectory over the long-term. As jurisdictions advance their REDD+ programs and generate (potentially) large volumes of high-quality emission reductions over the coming years, it will be more important than ever to ramp up demand for these assets. Otherwise, an oversupply situation could quickly undermine host government commitments to REDD+.

Case Study: Funding for Jurisdictional REDD+ from REDD Early Movers (executed by GIZ and KfW)

REDD Early Movers distributes funding to countries based on bilateral negotiations (overall available funding is approximately \$60 million USD).

Countries should be “early movers”, so should be committed and have implemented steps to be able to reduce emissions from deforestation. REDD Early Movers prefers national approaches, but subnational may also be considered where there is a clear plan for future integration into the national level.

Criteria to select countries includes: robust MRV system in place or under development, clearly established reference level and clear assignment of responsibilities at the institutional level.

Countries may receive either results-based (eg, in the case of Acre) or incentive-based payments (ie, for countries in the process but not able to actually demonstrate emission reductions yet).

At least 50% of funding must go directly to on-the-ground actors implementing mitigation activities.

In this section, we will present a summary of the main challenges and possible solutions for advancing jurisdictional REDD+ that were raised during the workshop discussions.

Challenges	Possible Solutions
Definition of drivers, causes, agents of deforestation/degradation and measures/activities to reduce emissions and increase sequestration	
<p>Lack of availability of deforestation/degradation drivers data (few studies and references available)</p>	<p>Need for technical exchange on identifying and understanding the root causes and dynamics of deforestation and forest degradation</p> <p>Development of guidance focused on:</p> <ul style="list-style-type: none"> - How to identify, analyze and stratify agents and drivers of deforestation and degradation - How to determine the “scale” – projects, programs, jurisdictional policies – for tackling these drivers
Integration of policy, programmatic and nested project approaches; deciding on JNR scenario (1,2,3) and scope of activities (avoided deforestation, avoided degradation, enhancement of carbon stocks)	
<p>How to account across different levels? How to deal with different level of data availability, capacities and baseline start dates of nested jurisdictions/projects? How to address underperformance in nested accounting? Lack of guidance and decision-making support on what scope of activities jurisdictions should consider</p>	<p>A technical exchange focused on specific jurisdictions could be useful for moving forward with:</p> <ul style="list-style-type: none"> – Monitoring and registry systems – Understanding the main information gaps among nested jurisdictions, and proposing a plan for address those gaps – Dealing with underperformance (establishing buffers, enforcement of mechanism or fines against “bad actors”, insurance options, etc. – Scope of activities the jurisdiction should consider – JNR could provide a practical tool (“decision-tree”) to clearly lay out the pros and cons of following each scenario, to support jurisdictions discussions

Public consultation, safeguards and benefit sharing	
<p>Stakeholder lack of familiarity and trust with relation to REDD+</p> <p>Undertaking a large-scale stakeholder consultation – main issues:</p> <ul style="list-style-type: none"> - Lack of financial resources for developing the public consultations - Lack of guidance for managing the public consultations and establishing who should be consulted - Lack of experts with necessary safeguards knowledge and experience 	<p>Jurisdictions should lead several rounds of meetings before designing their REDD+ programs</p> <p>Need for development of capacity building materials focused on general concepts related to REDD+ and climate change</p> <p>Early funding for REDD+ is needed for preliminary activities (technical exchange, developing protocols and materials, undertaking public consultations, etc.)</p> <p>Development of further guidance on stakeholder consultation requirements for jurisdictional programs (vs. projects)</p>
Institutional/legal frameworks and right of use (carbon rights)	
<p>Further clarity is needed on legal nature of carbon and right of in a jurisdictional context</p> <p>Land tenure: If land ownership is required, most countries in the world will not be able to participate in jurisdictional REDD+ as land tenure is not clearly established for those countries</p>	<p>Development of a decision tree that enables clear and objective identification of different national and subnational circumstances with regard to carbon rights, and solutions that could apply for each</p> <p>Need more guidance on determining who is the performer of an activity (government, landowner, etc.) and who has the right to carbon</p> <p>The focus should be on the executing agents of REDD+ activities rather than land tenure</p>

Integration with national processes (grand parenting); prioritizing subnational jurisdictions; jurisdictional boundary definitions	
Defining jurisdictional boundaries	Further guidance and technical exchange on defining jurisdictional boundaries is needed - assessment of administrative boundaries, eco--regions, drivers of deforestation, etc. When administrative boundaries are not used, subnational jurisdictional boundaries need to be decided at the national level
Projects crossing multiple boundaries	The JNR Requirements provide different options for addressing projects that cross jurisdictional boundaries. Jurisdictional registry and accounting systems may address this issue by accounting for the project area under each jurisdiction
Criteria for prioritization of subnational jurisdictions	<p>This criteria should be established at the national/regional level, and may consider: (i) historical deforestation rates; (ii) carbon stocks; (iii) biodiversity; (iv) political willingness, among other factors</p> <p>REDD+ Programs (and requirements) should allow for the updating/revision of boundaries during JNR implementation</p>
Establishing baselines (historical rates; trend/average; projections) and potential adjustments; relevance/application of project methodologies to jurisdictional programs	
Establishing jurisdictional baselines	NR should allow multiple approaches for setting jurisdictional baselines. This allows jurisdictions to be innovative in the methods they use
Updating jurisdictional baselines	Need practical tools on how to update jurisdictional baselines

List of Participants

City and Country of origin	Name	Institution
Rio Branco/AC/Brazil	Monica de Los Rios	Acre Gov.
San Jose/Costa Rica	Guillermo Navarra	IUCN
San Jose/Costa Rica	German Obando	FONAFIFO
Macapá/AP/Brazil	Ana Euler	Amapá Gov.
Cuiabá/MT/Brazil	Mauricio Phillip	Mato Grosso Gov.
Belém/PA/Brazil	Wendell Andrade	Pará Gov.
Palmas/TO/Brazil	Pedro Gill	Tocantins Gov.
Ethiopia	Dhida Dirriba	OFWE
Ethiopia	Ararsa Regassa	OFWE
Ethiopia	Lulu Nefabas	Farm Africa
Mexico	Carmen Gomez	CONAFOR
Chiapas/Mexico	Rosa Vidal	Pronatura Sur
Ghana	Yaw Kwakye	Forestry Commission
Chile	Angelo Sartori	CONAF
Guatemala	Jacobo Cotto	INAB
Colombia	Jose Julian Gonzalez	IDEAM
São Paulo/SP/Brazil	Ludovino Lopes	LLA
Washington DC./ USA	Bob O'Sullivan	TGC/FCMC
San Jose/Costa Rica	Lucio Pedroni	CDI
San Francisco/USA	Mike Korchinski	Wildlife Works
Accra/Ghana	John Mason	NCRC
Cuiabá/MT/Brazil	Laurent Micol	ICV
Shangai/China	Charles Earhardt	VCSA/Floresta
San Francisco/USA	Marina Campos	Moore Foundation
Germany	Kay Kallweit	REDD Early Movers
Bangkok/Thailand	Naomi Swickard	VCSA
Washington DC./ USA	Summer Montacute	VCSA
Santiago/Chile	Paula Tassara	VCSA
San Francisco/USA	Toby Janson-Smith	VCSA
São Paulo/SP/Brazil	Sandro Marostica	VCSA
Brasília/DF/Brazil	Leticia Guimarães	Ministry of Environment, Brazil
Laos	Gabriel Eickhoff	Forest Carbon
Germany	Sebastian Hetsch	TUV SUD
Washington DC./ USA	Ken Andrasko	FCPF
Washington DC./ USA	Phil Covell	Forest Trends
El Salvador	Carlos Roberto	GIZ Central America
Brasília/DF/Brazil	Elisabeth Forseth	Norwegian Embassy, Brazil
San Francisco/USA	Nikki Virgilio	TNC
Manaus/AM/Brazil	Pedro Soares	Idesam
Manaus/AM/Brazil	Mariano Cenamo	Idesam
Manaus/AM/Brazil	Junia Karst	Idesam
Manaus/AM/Brazil	Paola Bleicker	Idesam
Manaus/AM/Brazil	Suelen Marostica	FAS
Manaus/AM/Brazil	João Tezza	FAS
Manaus/AM/Brazil	João Talocchi	Ceclima/SDS
Manaus/AM/Brazil	Luis Henrique Piva	Ceclima/SDS

