



Meeting Summary Third Meeting of the Forest Solutions Dialogue (September 2020) Western Hemisphere and Asia-Pacific Sessions

Responding to the call for enhanced cooperation to accelerate action on nature-based climate solutions, the Forest Solutions Dialogue aims to develop models of cooperative approaches for forests under Article 6 of the Paris Agreement and provide participating countries with the technical and policy assistance to pursue such partnerships. Since May 2020, the Dialogue has met every 1-2 months for 90-minute sessions on relevant topics, preceded by a background paper or other relevant materials. For more information on previous sessions and the concept note, please visit www.forestolutions.org. Forest Solutions Dialogue is an initiative of Climate Advisers Trust with support from Environmental Defense Fund through a Norwegian International Climate and Forest Initiative civil society grant. The Dialogue meetings take place under modified Chatham House rules in which a summary is made available, but comments are non-attributable.

The **Third Meeting of the Forest Solutions Dialogue** continued its focus on models for Article 6.2 arrangements for REDD+ with discussion of the Climate Teams model developed Environmental Defense Fund. The meeting occurred in three different sessions: September 3, 2020 for the Asia-Pacific region; September 9, 2020 for the Western Hemisphere and a third “catch up” session on Sept 24, 2020 for additional discussion. Participants came from Cambodia, Canada, Chile, Colombia, Democratic Republic of Congo, Germany, Indonesia, Korea, Malaysia, Mexico, Jalisco State in Mexico, New Zealand, Nigeria, Singapore Suriname, Switzerland, and the UK.

Background materials included two Climate Teams concept briefs, available at www.forestolutions.org.

Presentation by Dr. Suzi Kerr, Chief Economist of Environmental Defense Fund: Each session started with a presentation on the Climate Teams model by Dr. Suzi Kerr (attached and available at www.forestolutions.org). (Dr. Kerr also gave a similar presentation on Climate Teams at New York Climate Week which for your convenience is linked [here](#)). Because it is both a detailed and clear presentation, we do not summarize it here and instead refer you to the links above.

Questions and Discussion: Dr. Kerr’s presentation was followed by clarification questions and discussion questions, moderated by Peter Graham, Managing Director of Climate Advisers. Participants discussed the pros and cons of bringing REDD+ and other sectors together through Climate Teams, the feasibility of the model, and its technical components. These questions and discussion points are summarized below.

- **Comparison to other REDD+ models:** Diana Movius, Climate Advisers, offered a few remarks on how Climate Teams compares with [the models of REDD+ cooperation](#) discussed during the previous meeting of the Forest Solutions Dialogue. She suggested that the Climate Teams could be considered a modified



“pool” approach. “Pools” such as the FCPF Carbon Fund have both multiple buyers and sellers, whereas Climate Teams has multiple buyers and one selling country. She also noted that the multi-sectoral nature of Climate Teams is unique.

- *Multi-sectoral approach.* Many participants welcomed the multi-sector approach of Climate Teams. At the same time, several questions and comments centered on how to integrate REDD+ with other sectors as part of a Climate Teams model. One country explained their highest emitting sectors are energy and forestry, and those would be the two most logical sectors to include. Dr. Kerr offered that there could be interesting synergies— a domestic energy policy with emissions trading or carbon tax could generate needed funds get the forestry sector to the crediting baseline level, or for results based payments. The moderator noted that there will be a demand for transfers that may be worth more financially than current results-based payments. Similarly, one REDD+ country wondered whether it would be possible to combine a the typical “simple recognition” approach for REDD+ (where results-based payments come from donor public funds) with a Climate Teams model. Dr. Kerr suggested that, in theory, there could be a mix of both approaches. She suggested to build on Simple Recognition approach, and perhaps consider ITMOs as REDD+ expands as part of a multi-sector climate team. She indicated that combining approaches would lead to stronger climate outcomes than if done independently.
- *How to ensure ambition and environmental integrity in the arrangement.* Many participants had questions or comments on ensuring environmental integrity. Dr. Kerr emphasized that the crediting baseline of the host country is negotiated among the Climate Team parties; therefore, team members themselves would have to agree that the baseline is ambitious. One developed country noted that there could be a perverse incentive – the less ambitious the crediting baseline, the sooner the buyers could purchase units. Dr. Kerr noted that such a perverse incentive is common in any crediting arrangement or trading model; this is why the Climate Teams model builds in external observers and relies on clear transparency. A REDD+ country concurred, noting the importance of credibility in eyes of taxpayers and voters.
- *Relationship to NDCs:* Several comments included the relationship between Climate Teams and NDCs. Dr. Kerr clarified that Climate Teams can work with a multi-year NDCs, and that host countries are required to meet their own NDC before transferring ITMOs abroad. At the same time, access to ITMOs may enable a purchasing partner country to take a more ambitious NDC. Like in previous meetings, several developed/partner countries felt it would be important to cooperate with host countries to ensure Article 6 activities are correctly reflected in NDCs and there would not be a risk of overselling, and that that a host country be able to offer a purchasing partner a binding commitment that the ITMO is “real.”
- *Relationship between REDD+ Reference Levels and the Climate Teams crediting baseline:* Several REDD+ experts were interested in further thinking on how the REDD+ Reference Emission Level could be part of the overall Climate Team host country’s crediting baseline. The Climate Team model envisions a combined crediting baseline across sectors. Dr. Kerr clarified that if a country did not achieve its REDD+ Reference Level but overachieved in other sectors to exceed the crediting baseline, the host country could still sell ITMO. However, internally, the country could use its REDD+ Reference Emission Level to decide how resources are allocated among sectors. One developed country participant considered whether the crediting baseline be same as the host country’s NDC, or if there would be sectoral targets under NDC. They noted that a crediting baseline could be challenging to negotiate. Another participant suggested that further thinking on the steps needed to integrate a REDD+ baseline/Reference Emission Level into a crediting baseline a Climate Teams model would be helpful; they also suggested further thinking on the practical steps of negotiating a crediting baseline in different host country contexts.
- *Host country policies and institutional arrangements:*

- *National Inventory*: Dr. Kerr clarified the key host country requirement is a good national inventory of emissions, and the host country as part of a Climate Team should continue to improve this inventory. A good inventory enables the country to determine additionality: if there is a crediting baseline for whole country that is ambitious, then a good inventory enables confidence that reductions below the baseline are additional.
- *Whether Emissions Trading System (ETS) is required*. Several participants asked whether a domestic ETS is required to participate in a Climate Team. Dr. Kerr confirmed that much can be done without an ETS if there are good climate policies and a good inventory. Ruben Lubowski, EDF, suggested that countries can start with one set of policies, then add other sectors, and eventually develop an ETS. Further, up-front investment by the Climate Team partners can ensure that the country's institutions have the capacity to implement their climate policies.
- *Tracking database*: Participants discussed features that a unit tracking database could have: While host country units would be if pooled into one database for transfer, internationally they could label it as for example a "Cambodia unit" (defined as coming from this country) internationally. Domestically, the country could set internal labels for a specific sector or state.
- *Other topics*:
 - *Applicability to LDCs and African countries*: One participant noted that many NDCs of African and LDC countries include forest and agriculture; they stressed the need to develop a model of cooperation that could be appropriate for LDCs and/or African countries – particularly as Climate Teams could be a source of climate finance.
 - *How to choose partners*: Numerous participants pondered how to choose partners for a Climate Team: how small should the Team be? Would new countries be allowed to join? EDF noted that the terms of participation in the Team are the decision of the Team members themselves, enabling flexibility. Climate Advisers noted that a key question is "what makes a good partner?" Considerations could include quality of NDC, the ability to provide complementary types of capacity-building support, and others. A developed country participant felt that multiple buyers would facilitate determining the quality standard for the ITMO being transferred, but that a crediting baseline could be challenging to negotiate.
 - *Can subnational governments can take part in climate teams?* Participants discussed that Article 6.2 arrangements such as Climate Teams need approval of national government; however, the model could work as framing under which states/subnational could be the main actors to reduce emissions. This could be particularly applicable in countries where REDD+ is implemented predominantly by states.
 - *Terminology and negotiations*: One developing country participated noted that in the UNFCCC negotiations, some countries have historically been opposed to the concept of a REDD+ offset or transfer. They suggested "mitigation the forest and land sector" instead to refer to mitigation generated from REDD+ activities in Article 6.2 cooperation.

Conclusion

The Dialogue host team thanked participants and noted the upcoming October meeting of the Forest Solutions Dialogue will focus on nesting of REDD+ projects within REDD+ subnational or national programs. They noted that information on the Dialogue sessions are found at www.forestolutions.org